

Initiative Measure No. 1152

filed March 11, 2011

AN ACT Relating to tax expenditure reform to provide transparency and accountability in fiscal matters; amending sections, repealing sections, and adopting new sections;; providing effective dates; providing a contingent effective date; providing an expiration date; and providing a contingent expiration date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

PART I

Intent:

NEW SECTION. Sec. 101. (1) The People of the State of Washington seek to adopt a process to close ineffective tax subsidies. The funds saved through eliminating these wasteful tax subsidies shall be held in trust to be used to fund health care and child care.

(2) The People by this Act set a schedule for closing tax subsidies. The Department of Revenue, Governor, and Legislature shall evaluate each tax subsidy before it is terminated and shall renew only those tax subsidies that are cost effective in serving their intended purpose. Savings shall be held in trust and used solely to fund health care and child care.

PART II.

PLACING TAX SAVINGS IN TRUST FOR HEALTH CARE AND CHILD CARE.

NEW SECTION. **Sec. 201** The people intend that revenue saved through the elimination of ineffective tax subsidies be devoted to health care, including the basic health program, long-term in-home care and mental health care, and the working connections child care program.

NEW SECTION. **Sec. 202 (1)** The health care and child care trust account is hereby created in the custody of the state treasurer. Amounts held by the health care and child care trust account must be used solely to fund health care, including the basic health program, long-term in-home care and mental health care, and the working connections child care program.

(2) The treasurer shall take steps to account for additional revenue collected through the provisions of this act each month and shall transfer such amount to the health care and child care trust account by the 15th of the following month.

PART III

PROTECTING TAXPAYERS BY REQUIRING ANNUAL INDEPENDENT AUDITS, INCREASING FRAUD INVESTIGATION, AND CAPPING ADMINISTRATIVE EXPENSES

NEW SECTION. **Sec. 301.** The state auditor shall provide for annual independent audits of the health care and child care trust and the implementation of this act and shall report on the results publicly and to the Legislature on an annual basis.

NEW SECTION. **Sec. 302.** The state shall spend at least ninety percent of the funding passing through the health care and child care trust account on direct care.

NEW SECTION. **Sec. 303.** Within ninety days of the effective date of this section, the State shall hire five additional fraud investigators to ensure that clients receiving health care and child care at taxpayers' expense are medically and financially qualified to receive such benefit and are actually receiving such benefit.

PART IV

SETTING SUNSET DATES FOR SALES AND USE TAX EXEMPTIONS

NEW SECTION. **Sec. 401** The following acts or parts of acts, as now existing or hereafter amended, are each repealed, effective July 1, 2012:

(1) RCW 82.08.02081 (Exemptions--Audio or video programming) and 2009 c 535 s 502;

(2) RCW 82.08.02087 (Exemptions--Digital goods and services--Purchased for business purposes) and 2010 c 111 s 402 & 2009 c 535 s 504;

(3) RCW 82.08.0253 (Exemptions--Sale and distribution of newspapers) and 2009 c 535 s 506 & 1980 c 37 s 21;

(4) RCW 82.08.02565 (Exemptions--Sales of machinery and equipment for manufacturing, research and development, or a testing operation--Labor and services for installation--Exemption certificate--Rules) and 2009 c 535 s 510, 1999 c 211 s 5, 1999 c 211 s 3, & 1998 c 330 s 1;

(5) RCW 82.08.02566 (Exemptions--Sales of tangible personal property incorporated in prototype for parts, auxiliary equipment, and aircraft modification--Limitations on yearly exemption) and 2003 c 168 s 208, 1997 c 302 s 1, & 1996 c 247 s 4;

(6) RCW 82.08.02568 (Exemptions--Sales of carbon and similar substances that become an ingredient or component of anodes or cathodes used in producing aluminum for sale) and 1996 c 170 s 1;

(7) RCW 82.08.0257 (Exemptions--Auction sales of personal property used in farming) and 2009 c 535 s 511 & 1980 c 37 s 25;

(8) RCW 82.08.0259 (Exemptions--Sales of livestock) and 2001 c 118 s 4 & 1980 c 37 s 27;

(9) RCW 82.08.0267 (Exemptions--Sales of poultry for producing poultry and poultry products for sale) and 1980 c 37 s 34;

(10) RCW 82.08.0272 (Exemptions--Sales of semen for artificial insemination of livestock) and 1980 c 37 s 38;

(11) RCW 82.08.0274 (Exemptions--Sales of form lumber to person engaged in constructing, repairing, etc., structures for consumers) and 1980 c 37 s 40;

(12) RCW 82.08.02745 (Exemptions--Charges for labor and services or sales of tangible personal property related to agricultural

employee housing--Exemption certificate--Rules) and 2007 c 54 s 14, 1997 c 438 s 1, & 1996 c 117 s 1;

(13) RCW 82.08.0277 (Exemptions--Sales of pollen) and 1980 c 37 s 43;

(14) RCW 82.08.0288 (Exemptions--Lease of certain irrigation equipment) and 1983 1st ex.s. c 55 s 5;

(15) RCW 82.08.0294 (Exemptions--Sales of feed for cultivating or raising fish for sale) and 1985 c 148 s 3;

(16) RCW 82.08.0296 (Exemptions--Sales of feed consumed by livestock at a public livestock market) and 1986 c 265 s 1;

(17) RCW 82.08.0298 (Exemptions--Sales of diesel fuel for use in operating watercraft in commercial deep sea fishing or commercial passenger fishing boat operations outside the state) and 1987 c 494 s 1;

(18) RCW 82.08.0311 (Exemptions--Sales of materials and supplies used in packing horticultural products) and 1988 c 68 s 1;

(19) RCW 82.08.0315 (Exemptions--Rentals or sales related to motion picture or video productions--Exceptions--Certificate) and 1997 c 61 s 1 & 1995 2nd sp.s. c 5 s 1;

(20) RCW 82.08.036 (Exemptions--Vehicle battery core deposits or credits--Replacement vehicle tire fees--"Core deposits or credits" defined) and 1989 c 431 s 45;

(21) RCW 82.08.806 (Exemptions--Sale of computer equipment parts and services to printer or publisher) and 2010 1st sp.s. c 23 s 516, 2009 c 461 s 5, & 2004 c 8 s 2;

(22) RCW 82.08.807 (Exemptions--Direct mail delivery charges) and 2005 c 514 s 115;

(23) RCW 82.08.810 (Exemptions--Air pollution control facilities at a thermal electric generation facility--Exceptions--Exemption certificate--Payments on cessation of operation) and 1997 c 368 s 2;

(24) RCW 82.08.811 (Exemptions--Coal used at coal-fired thermal electric generation facility--Application--Demonstration of progress in air pollution control--Notice of emissions violations--Reapplication--Payments on cessation of operation) and 1997 c 368 s 4;

(25) RCW 82.08.820 (Exemptions--Remittance--Warehouse and grain elevators and distribution centers--Material-handling and racking equipment--Construction of warehouse or elevator--Information sheet--Rules--Records--Exceptions) and 2006 c 354 s 12, 2006 c 354 s 11, 2005 c 513 s 11, & 1997 c 450 s 2;

(26) RCW 82.08.855 (Exemptions--Replacement parts for qualifying farm machinery and equipment) and 2007 c 332 s 1 & 2006 c 172 s 1;

(27) RCW 82.08.865 (Exemptions--Diesel, biodiesel, and aircraft fuel for farm fuel users) and 2010 c 106 s 218, 2007 c 443 s 1, & 2006 c 7 s 1;

(28) RCW 82.08.880 (Exemptions--Animal pharmaceuticals) and 2001 2nd sp.s. c 17 s 1;

(29) RCW 82.08.890 (Exemptions--Qualifying livestock nutrient management equipment and facilities) and 2010 1st sp.s. c 23 s 601, 2009 c 469 s 601, 2006 c 151 s 2, & 2001 2nd sp.s. c 18 s 2;

(30) RCW 82.08.900 (Exemptions--Anaerobic digesters) and 2006 c 151 s 4 & 2001 2nd sp.s. c 18 s 4;

(31) RCW 82.08.910 (Exemptions--Propane or natural gas to heat chicken structures) and 2001 2nd sp.s. c 25 s 3;

(32) RCW 82.08.920 (Exemptions--Chicken bedding materials) and 2001 2nd sp.s. c 25 s 5;

(33) RCW 82.08.990 (Exemptions--Import or export commerce) and 2007 c 477 s 3;

(34) RCW 82.12.02081 (Exemptions--Audio or video programming) and 2009 c 535 s 602;

(35) RCW 82.12.02087 (Exemptions--Digital goods, codes, and services--Used for business purposes) and 2010 c 111 s 502 & 2009 c 535 s 607;

(36) RCW 82.12.02565 (Exemptions--Machinery and equipment used for manufacturing, research and development, or a testing operation) and 2003 c 5 s 5, 1999 c 211 s 6, 1998 c 330 s 2, 1996 c 247 s 3, & 1995 1st sp.s. c 3 s 3;

(37) RCW 82.12.02566 (Exemptions--Use of tangible personal property incorporated in prototype for aircraft parts, auxiliary

equipment, and aircraft modification--Limitations on yearly exemption) and 2003 c 168 s 209, 1997 c 302 s 2, & 1996 c 247 s 5;

(38) RCW 82.12.02568 (Exemptions--Use of carbon and similar substances that become an ingredient or component of anodes or cathodes used in producing aluminum for sale) and 1996 c 170 s 2;

(39) RCW 82.12.0258 (Exemptions--Use of personal property previously used in farming and purchased from farmer at auction) and 2009 c 535 s 612 & 1980 c 37 s 58;

(40) RCW 82.12.0261 (Exemptions--Use of livestock) and 2001 c 118 s 5 & 1980 c 37 s 60;

(41) RCW 82.12.0254 (Exemptions--Use of airplanes, locomotives, railroad cars, or watercraft used in interstate or foreign commerce or outside state's territorial waters--Components--Use of vehicles in the transportation of persons or property across state boundaries--Conditions--Use of vehicle under trip permit to point outside state) and 2010 c 161 s 905, 2009 c 503 s 2, 2003 c 5 s 3, 1998 c 311 s 7, 1995 c 63 s 2, & 1980 c 37 s 54;

(42) RCW 82.12.0262 (Exemptions--Use of poultry for producing poultry and poultry products for sale) and 1980 c 37 s 61;

(43) RCW 82.12.0267 (Exemptions--Use of semen in artificial insemination of livestock) and 1980 c 37 s 66;

(44) RCW 82.12.0268 (Exemptions--Use of form lumber by persons engaged in constructing, repairing, etc., structures for consumers) and 1980 c 37 s 67;

(45) RCW 82.12.02685 (Exemptions--Use of tangible personal property related to agricultural employee housing) and 1997 c 438 s 2 & 1996 c 117 s 2;

(46) RCW 82.12.0273 (Exemptions--Use of pollen) and 1980 c 37 s 71;

(47) RCW 82.12.0283 (Exemptions--Use of certain irrigation equipment) and 1983 1st ex.s. c 55 s 6;

(48) RCW 82.12.0294 (Exemptions--Use of feed for cultivating or raising fish for sale) and 1985 c 148 s 4;

(49) RCW 82.12.0296 (Exemptions--Use of feed consumed by livestock at a public livestock market) and 1986 c 265 s 2;

(50) RCW 82.12.0298 (Exemptions--Use of diesel fuel in operating watercraft in commercial deep sea fishing or commercial passenger fishing boat operations outside the state) and 1987 c 494 s 2;

(51) RCW 82.12.0311 (Exemptions--Use of materials and supplies in packing horticultural products) and 1988 c 68 s 2;

(52) RCW 82.12.0315 (Exemptions--Rental or sales related to motion picture or video productions--Exceptions) and 2009 c 535 s 614, 2003 c 5 s 10, & 1995 2nd sp.s. c 5 s 2;

(53) RCW 82.12.038 (Exemptions--Vehicle battery core deposits or credits--Replacement vehicle tire fees--"Core deposits or credits" defined) and 1989 c 431 s 46;

(54) RCW 82.12.037 (Credits and refunds--Bad debts) and 2010 1st sp.s. c 23 s 1503, 2007 c 6 s 103, 2004 c 153 s 304, & 1982 1st ex.s. c 35 s 36;

(55) RCW 82.12.806 (Exemptions--Use of computer equipment parts and services by printer or publisher) and 2004 c 8 s 3;

(56) RCW 82.12.807 (Exemptions--Direct mail delivery charges) and 2005 c 514 s 116;

(57) RCW 82.12.810 (Exemptions--Air pollution control facilities at a thermal electric generation facility--Exceptions--Payments on cessation of operation) and 2003 c 5 s 12 & 1997 c 368 s 3;

(58) RCW 82.12.811 (Exemptions--Coal used at coal-fired thermal electric generation facility--Application--Demonstration of progress in air pollution control--Notice of emissions violations--Reapplication--Payments on cessation of operation) and 1997 c 368 s 6;

(59) RCW 82.12.820 (Exemptions--Warehouse and grain elevators and distribution centers) and 2006 c 354 s 13, 2005 c 513 s 12, 2003 c 5 s 13, 2000 c 103 s 9, & 1997 c 450 s 3;

(60) RCW 82.12.855 (Exemptions--Replacement parts for qualifying farm machinery and equipment) and 2007 c 332 s 2 & 2006 c 172 s 2;

(61) RCW 82.12.865 (Exemptions--Diesel, biodiesel, and aircraft fuel for farm fuel users) and 2010 c 106 s 222, 2007 c 443 s 2, & 2006 c 7 s 2;

(62) RCW 82.12.880 (Exemptions--Animal pharmaceuticals) and 2001 2nd sp.s. c 17 s 2;

(63) RCW 82.12.890 (Exemptions--Livestock nutrient management equipment and facilities) and 2010 1st sp.s. c 23 s 602, 2009 c 469 s 602, 2006 c 151 s 3, 2003 c 5 s 15, & 2001 2nd sp.s. c 18 s 3;

(64) RCW 82.12.900 (Exemptions--Anaerobic digesters) and 2006 c 151 s 5, 2003 c 5 s 16, & 2001 2nd sp.s. c 18 s 5;

(65) RCW 82.12.910 (Exemptions--Propane or natural gas to heat chicken structures) and 2001 2nd sp.s. c 25 s 4;

(66) RCW 82.12.920 (Exemptions--Chicken bedding materials) and 2001 2nd sp.s. c 25 s 6;

(67) RCW 82.12.024 (Deferral of use tax on certain users of natural or manufactured gas) and 2001 c 214 s 10;

(68) RCW 82.12.0263 (Exemptions--Use of fuel by extractor or manufacturer thereof) and 1980 c 37 s 62;

(69) RCW 82.12.0272 (Exemptions--Use of personal property in single trade shows) and 2009 c 535 s 616 & 1980 c 37 s 70. Formerly RCW 82.12.030(20);

(70) RCW 82.12.800 (Exemptions--Uses of vessel, vessel's trailer by manufacturer) and 1997 c 293 s 1;

(71) RCW 82.12.801 (Exemptions--Uses of vessel, vessel's trailer by dealer) and 1997 c 293 s 2;

(72) RCW 82.12.802 (Vessels held in inventory by dealer or manufacturer--Tax on personal use--Documentation--Rules) and 1997 c 293 s 3;

(73) RCW 82.12.860 (Exemptions--Property and services acquired from a federal credit union) and 2009 c 535 s 621 & 2006 c 11 s 1;

(74) RCW 82.66.040 (Repayment schedule--Interest, penalties) and 1998 c 339 s 1 & 1995 c 352 s 4;

(75) RCW 82.08.0289 (Exemptions--Telephone, telecommunications, and ancillary services) and 2007 c 6 s 1006, 2007 c 6 s 1005, 2002 c 67 s 6, & 1983 2nd ex.s. c 3 s 30;

(76) RCW 82.08.850 (Exemptions--Conifer seed) and 2001 c 129 s 2;

(77) RCW 82.12.850 (Exemptions--Conifer seed) and 2001 c 129 s 3;

(78) RCW 82.12.02085 (Exemptions--Digital goods--Noncommercial--Internal audience--Not for sale) and 2009 c 535 s 605;

(79) RCW 82.04.627 (Exemptions--Commercial airplane parts) and 2008 c 81 s 15; and

(80) RCW 82.08.0282 (Exemptions--Sales of returnable containers for beverages and foods) and 1980 c 37 s 47.

NEW SECTION. **Sec. 402** The following acts or parts of acts, as now existing or hereafter amended, are each repealed, effective July 1, 2013:

(1) RCW 47.01.412 (State route No. 520 improvements--Tax deferrals--Definition) and 2008 c 270 s 7;

(2) RCW 82.08.0203 (Exemptions--Trail grooming services) and 2008 c 260 s 1;

(3) RCW 82.08.02525 (Exemptions--Sale of copied public records by state and local agencies) and 2009 c 535 s 505 & 1996 c 63 s 1;

(4) RCW 82.08.02535 (Exemptions--Sales and distribution of magazines or periodicals by subscription for fund-raising) and 2009 c 535 s 507 & 1995 2nd sp.s. c 8 s 1;

(5) RCW 82.08.0256 (Exemptions--Sale of the operating property of a public utility to the state or a political subdivision) and 2010 c 106 s 213, 2009 c 535 s 509, & 1980 c 37 s 24;

(6) RCW 82.08.02569 (Exemptions--Sales of tangible personal property related to a building or structure that is an integral part of a laser interferometer gravitational wave observatory) and 1996 c 113 s 1;

(7) RCW 82.08.02573 (Exemptions--Sales by a nonprofit organization for fund-raising activities) and 2010 c 106 s 214 & 1998 c 336 s 3;

(8) RCW 82.08.0261 (Exemptions--Sales of personal property for use connected with private or common carriers in interstate or foreign commerce) and 1980 c 37 s 28;

(9) RCW 82.08.0262 (Exemptions--Sales of airplanes, locomotives, railroad cars, or watercraft for use in interstate or foreign commerce or outside the territorial waters of the state or airplanes sold to United States government--Components thereof and of motor vehicles or trailers used for constructing, repairing, cleaning, etc.--Labor and services for constructing, repairing, cleaning, etc) and 2009 c 503 s 1, 1998 c 311 s 5, 1994 c 43 s 1, & 1980 c 37 s 29;

(10) RCW 82.08.0263 (Exemptions--Sales of motor vehicles and trailers for use in transporting persons or property in interstate or foreign commerce) and 1998 c 311 s 6, 1995 c 63 s 1, & 1980 c 37 s 30;

(11) RCW 82.08.0264 (Exemptions--Sales of motor vehicles, trailers, or campers to nonresidents for use outside the state) and 2010 c 161 s 1165, 2007 c 135 s 1, & 1980 c 37 s 31;

(12) RCW 82.08.0265 (Exemptions--Sales to nonresidents of tangible personal property which becomes a component of property of the nonresident by installing, repairing, etc.--Labor and services for installing, repairing, etc) and 1980 c 37 s 32;

(13) RCW 82.08.0266 (Exemptions--Sales of watercraft to nonresidents for use outside the state) and 1999 c 358 s 5 & 1980 c 37 s 33;

(14) RCW 82.08.02665 (Exemptions--Sales of watercraft, vessels to residents of foreign countries) and 1999 c 358 s 6 & 1993 c 119 s 1;

(15) RCW 82.08.0268 (Exemptions--Sales of machinery and implements, and related parts and labor, for farming to nonresidents for use outside the state) and 1998 c 167 s 1 & 1980 c 37 s 35;

(16) RCW 82.08.0269 (Exemptions--Sales for use in states, territories, and possessions of the United States which are not contiguous to any other state) and 1980 c 37 s 36;

(17) RCW 82.08.0271 (Exemptions--Sales to municipal corporations, the state, and political subdivisions of tangible personal property,

labor and services on watershed protection and flood prevention contracts) and 1980 c 37 s 37;

(18) RCW 82.08.0273 (Exemptions--Sales to nonresidents of tangible personal property, digital goods, and digital codes for use outside the state--Proof of nonresident status--Penalties) and 2010 c 106 s 215, 2009 c 535 s 512, 2007 c 135 s 2, 2003 c 53 s 399, 1993 c 444 s 1, 1988 c 96 s 1, 1982 1st ex.s. c 5 s 1, & 1980 c 37 s 39;

(19) RCW 82.08.0275 (Exemptions--Sales of and labor and service charges for mining, sorting, crushing, etc., of sand, gravel, and rock from county or city quarry for public road purposes) and 1980 c 37 s 41;

(20) RCW 82.08.0278 (Exemptions--Sales between political subdivisions resulting from annexation or incorporation) and 1980 c 37 s 44;

(21) RCW 82.08.0279 (Exemptions--Renting or leasing of motor vehicles and trailers to a nonresident for use in the transportation of persons or property across state boundaries) and 1980 c 37 s 45;

(22) RCW 82.08.0285 (Exemptions--Sales of ferry vessels to the state or local governmental units--Components thereof--Labor and service charges) and 1980 c 37 s 50;

(23) RCW 82.08.0287 (Exemptions--Sales of passenger motor vehicles as ride-sharing vehicles) and 2001 c 320 s 4, 1996 c 244 s 4, 1995 c 274 s 2, 1993 c 488 s 2, & 1980 c 166 s 1;

(24) RCW 82.08.02875 (Exemptions--Vehicle parking charges subject to tax at stadium and exhibition center) and 1997 c 220 s 203;

(25) RCW 82.08.0291 (Exemptions--Sales of amusement and recreation services or personal services by nonprofit youth organization--Local government physical fitness classes) and 2000 c 103 s 8, 1994 c 85 s 1, & 1981 c 74 s 2;

(26) RCW 82.08.031 (Exemptions--Sales to artistic or cultural organizations of certain objects acquired for exhibition or presentation) and 1981 c 140 s 4;

(27) RCW 82.08.700 (Exemptions--Vessels sold to nonresidents) and 2010 c 106 s 219 & 2007 c 22 s 1;

- (28) RCW 82.08.830 (Exemptions--Sales at camp or conference center by nonprofit organization) and 1997 c 388 s 2;
- (29) RCW 82.08.834 (Exemptions--Sales/leasebacks by regional transit authorities) and 2000 2nd sp.s. c 4 s 21;
- (30) RCW 82.08.870 (Exemptions--Motorcycles for training programs) and 2001 c 285 s 2;
- (31) RCW 82.12.02525 (Exemptions--Sale of copied public records by state and local agencies) and 2009 c 535 s 609 & 1996 c 63 s 2;
- (32) RCW 82.12.0257 (Exemptions--Use of personal property of the operating property of a public utility by state or political subdivision) and 2010 c 106 s 220, 2009 c 535 s 611, & 1980 c 37 s 57;
- (33) RCW 82.12.02569 (Exemptions--Use of tangible personal property related to a building or structure that is an integral part of a laser interferometer gravitational wave observatory) and 1996 c 113 s 2;
- (34) RCW 82.12.930 (Exemptions--Watershed protection or flood prevention) and 2003 c 5 s 17;
- (35) RCW 82.12.0269 (Exemptions--Use of sand, gravel, or rock to extent of labor and service charges for mining, sorting, crushing, etc., thereof from county or city quarry for public road purposes) and 1980 c 37 s 68;
- (36) RCW 82.12.0274 (Exemptions--Use of tangible personal property by political subdivision resulting from annexation or incorporation) and 1980 c 37 s 72;
- (37) RCW 82.12.0279 (Exemptions--Use of ferry vessels by the state or local governmental units--Components thereof) and 2003 c 5 s 9 & 1980 c 37 s 77;
- (38) RCW 82.12.0282 (Exemptions--Use of vans as ride-sharing vehicles) and 2001 c 320 s 5, 1999 c 358 s 11, 1996 c 88 s 4, 1993 c 488 s 4, & 1980 c 166 s 2;
- (39) RCW 82.12.02917 (Exemptions--Use of amusement and recreation services by nonprofit youth organization) and 1999 c 358 s 7;
- (40) RCW 82.12.031 (Exemptions--Use by artistic or cultural organizations of certain objects) and 1981 c 140 s 5;

(41) RCW 82.12.700 (Exemptions--Vessels sold to nonresidents) and 2007 c 22 s 2;

(42) RCW 82.12.834 (Exemptions--Sales/leasebacks by regional transit authorities) and 2001 c 320 s 6 & 2000 2nd sp.s. c 4 s 22;

(43) RCW 82.12.845 (Use of motorcycles loaned to department of licensing) and 2001 c 121 s 1;

(44) RCW 82.12.0254 (Exemptions--Use of airplanes, locomotives, railroad cars, or watercraft used in interstate or foreign commerce or outside state's territorial waters--Components--Use of vehicles in the transportation of persons or property across state boundaries--Conditions--Use of vehicle under trip permit to point outside state) and 2010 c 161 s 905, 2009 c 503 s 2, 2003 c 5 s 3, 1998 c 311 s 7, 1995 c 63 s 2, & 1980 c 37 s 54;

(45) RCW 82.12.02595 (Exemptions--Personal property and certain services donated to nonprofit organization or governmental entity) and 2009 c 535 s 615, 2004 c 155 s 1, 2003 c 5 s 11, 1998 c 182 s 1, & 1995 c 201 s 1;

(46) RCW 82.12.0264 (Exemptions--Use of dual-controlled motor vehicles by school for driver training) and 1980 c 37 s 63;

(47) RCW 82.12.0265 (Exemptions--Use by bailee of tangible personal property consumed in research, development, etc., activities) and 1980 c 37 s 64;

(48) RCW 82.12.0266 (Exemptions--Use by residents of motor vehicles and trailers acquired and used while members of the armed services and stationed outside the state) and 1980 c 37 s 65;

(49) RCW 82.12.0284 (Exemptions--Use of computers or computer components, accessories, software, digital goods, or digital codes donated to schools or colleges) and 2009 c 535 s 617, 2007 c 54 s 15, 2003 c 168 s 603, & 1983 1st ex.s. c 55 s 7;

(50) RCW 82.08.995 (Exemptions--Certain limited purpose public corporations, commissions, and authorities) and 2009 c 535 s 514 & 2007 c 381 s 2; and

(51) RCW 82.12.955 (Exemptions--Use of machinery, equipment, vehicles, and services related to biodiesel or E85 motor fuel) and 2007 c 309 s 5 & 2003 c 63 s 3.

NEW SECTION. **Sec. 403** The following acts or parts of acts, as now existing or hereafter amended, are each repealed, effective July 1, 2015:

(1) RCW 82.08.0253 (Exemptions--Sale and distribution of newspapers) and 2009 c 535 s 506 & 1980 c 37 s 21;

(2) RCW 82.08.02537 (Exemptions--Sales of academic transcripts) and 2009 c 535 s 508 & 1996 c 272 s 2;

(3) RCW 82.08.0289 (Exemptions--Telephone, telecommunications, and ancillary services) and 2007 c 6 s 1006, 2007 c 6 s 1005, 2002 c 67 s 6, & 1983 2nd ex.s. c 3 s 30;

(4) RCW 82.08.0293 (Exemptions--Sales of food and food ingredients) and 2011 c 2 s 301 (Initiative Measure No. 1107), 2010 1st sp.s. c 23 s 902, (2010 1st sp.s. c 23 s 901 expired July 1, 2010), 2010 c 106 s 216, 2009 c 483 s 2, 2004 c 153 s 201, 2003 c 168 s 301, 1988 c 103 s 1, 1986 c 182 s 1, 1985 c 104 s 1, & 1982 1st ex.s. c 35 s 33;

(5) RCW 82.08.0316 (Exemptions--Sales of cigarettes by Indian retailers) and 2008 c 228 s 3, 2005 c 11 s 3, & 2001 c 235 s 4;

(6) RCW 82.08.832 (Exemptions--Sales of gun safes) and 1998 c 178 s 1;

(7) RCW 82.12.0345 (Exemptions--Use of newspapers) and 2009 c 535 s 618 & 1994 c 124 s 11;

(8) RCW 82.12.0347 (Exemptions--Use of academic transcripts) and 2009 c 535 s 619 & 1996 c 272 s 3;

(9) RCW 82.12.0256 (Exemptions--Use of motor vehicle and special fuel--Conditions) and 2007 c 223 s 10, 2005 c 443 s 6, & 1998 c 176 s 5;

(10) RCW 82.12.0293 (Exemptions--Use of food and food ingredients) and 2011 c 2 s 303 (Initiative Measure No. 1107), 2010 1st sp.s. c 23

s 903, 2009 c 483 s 4, 2003 c 168 s 303, 1988 c 103 s 2, 1986 c 182 s 2, 1985 c 104 s 2, & 1982 1st ex.s. c 35 s 34;

(11) RCW 82.12.0316 (Exemptions--Sales of cigarettes by Indian retailers) and 2008 c 228 s 4, 2005 c 11 s 4, & 2001 c 235 s 5;

(12) RCW 82.12.832 (Exemptions--Use of gun safes) and 1998 c 178 s 2;

(13) RCW 82.14.030 (Sales and use taxes authorized--Additional taxes authorized--Maximum rates) and 2008 c 86 s 101, 1989 c 384 s 6, 1982 1st ex.s. c 49 s 17, & 1970 ex.s. c 94 s 4;

(14) RCW 82.12.035 (Credit for retail sales or use taxes paid to other jurisdictions with respect to property used) and 2009 c 535 s 1107, 2007 c 6 s 1203, 2005 c 514 s 108, 2002 c 367 s 5, 1996 c 148 s 6, 1987 c 27 s 2, & 1967 ex.s. c 89 s 5;

(15) RCW 82.08.0205 (Exemptions--Waste vegetable oil) and 2008 c 237 s 2;

(16) RCW 82.08.02082 (Exemptions--Digital products or services--Ingredient or component--Made available for free) and 2010 c 111 s 401 & 2009 c 535 s 503;

(17) RCW 82.08.0255 (Exemptions--Sales of motor vehicle and special fuel--Conditions--Credit or refund of special fuel used outside this state in interstate commerce) and 2007 c 223 s 9, 2005 c 443 s 5, & 1998 c 176 s 4; and

(18) RCW 82.08.0206 (Exemptions--Working families--Eligible low-income persons) and 2008 c 325 s 2.

NEW SECTION. **Sec. 404** The following acts or parts of acts, as now existing or hereafter amended, are each repealed, effective July 1, 2017:

(1) RCW 82.08.0258 (Exemptions--Sales to federal corporations providing aid and relief) and 1980 c 37 s 26;

(2) RCW 82.08.02795 (Exemptions--Sales to free hospitals) and 1993 c 205 s 1;

(3) RCW 82.08.02805 (Exemptions--Sales to qualifying blood, tissue, or blood and tissue banks) and 2004 c 82 s 2 & 1995 2nd sp.s. c 9 s 4;

(4) RCW 82.08.02806 (Exemptions--Sales of human blood, tissue, organs, bodies, or body parts for medical research and quality control testing) and 1996 c 141 s 1;

(5) RCW 82.08.02807 (Exemptions--Sales to organ procurement organization) and 2002 c 113 s 2;

(6) RCW 82.08.0281 (Exemptions--Sales of prescription drugs) and 2004 c 153 s 108, 2003 c 168 s 403, 1993 sp.s. c 25 s 308, & 1980 c 37 s 46;

(7) RCW 82.08.0283 (Exemptions--Certain medical items) and 2007 c 6 s 1101, 2004 c 153 s 101, 2003 c 168 s 409, 2001 c 75 s 1, 1998 c 168 s 2, 1997 c 224 s 1, 1996 c 162 s 1, 1991 c 250 s 2, 1986 c 255 s 1, 1980 c 86 s 1, & 1980 c 37 s 48;

(8) RCW 82.08.02915 (Exemptions--Sales used by health or social welfare organizations for alternative housing for youth in crisis) and 1998 c 183 s 1, 1997 c 386 s 56, & 1995 c 346 s 1;

(9) RCW 82.08.0299 (Exemptions--Emergency lodging for homeless persons--Conditions) and 1988 c 61 s 1;

(10) RCW 82.08.803 (Exemptions--Nebulizers) and 2007 c 6 s 1103 & 2004 c 153 s 104;

(11) RCW 82.08.804 (Exemptions--Ostomic items) and 2004 c 153 s 106;

(12) RCW 82.08.808 (Exemptions--Sales of medical supplies, chemicals, or materials to comprehensive cancer centers) and 2005 c 514 s 402;

(13) RCW 82.08.925 (Exemptions--Dietary supplements) and 2003 c 168 s 302;

(14) RCW 82.08.935 (Exemptions--Disposable devices used to deliver prescription drugs for human use) and 2003 c 168 s 404;

(15) RCW 82.08.940 (Exemptions--Over-the-counter drugs for human use) and 2003 c 168 s 405;

(16) RCW 82.08.945 (Exemptions--Kidney dialysis devices) and 2004 c 153 s 110 & 2003 c 168 s 410;

(17) RCW 82.08.985 (Exemptions--Insulin) and 2004 c 153 s 102;

(18) RCW 82.08.995 (Exemptions--Certain limited purpose public corporations, commissions, and authorities) and 2009 c 535 s 514 & 2007 c 381 s 2;

(19) RCW 82.08.997 (Exemptions--Temporary medical housing) and 2008 c 137 s 2;

(20) RCW 82.08.998 (Exemptions--Weatherization of a residence) and 2008 c 92 s 1;

(21) RCW 82.12.0259 (Exemptions--Use of personal property, digital automated services, or certain other services by federal corporations providing aid and relief) and 2009 c 535 s 613, 2003 c 5 s 7, & 1980 c 37 s 59;

(22) RCW 82.12.02745 (Exemptions--Use by free hospitals of certain items) and 1993 c 205 s 2;

(23) RCW 82.12.02747 (Exemptions--Use of medical products by qualifying blood, tissue, or blood and tissue banks) and 2004 c 82 s 3 & 1995 2nd sp.s. c 9 s 5;

(24) RCW 82.12.02748 (Exemptions--Use of human blood, tissue, organs, bodies, or body parts for medical research or quality control testing) and 1996 c 141 s 2;

(25) RCW 82.12.02749 (Exemptions--Use of medical supplies, chemicals, or materials by organ procurement organization) and 2002 c 113 s 3;

(26) RCW 82.12.0275 (Exemptions--Use of certain drugs or family planning devices) and 2003 c 168 s 406, 1993 sp.s. c 25 s 309, & 1980 c 37 s 73;

(27) RCW 82.12.0277 (Exemptions--Certain medical items) and 2007 c 6 s 1102 & 2004 c 153 s 109;

(28) RCW 82.12.02915 (Exemptions--Use of items by health or social welfare organizations for alternative housing for youth in crisis) and 1998 c 183 s 2, 1997 c 386 s 57, & 1995 c 346 s 2;

(29) RCW 82.12.803 (Exemptions--Nebulizers) and 2007 c 6 s 1104 & 2004 c 153 s 105;

(30) RCW 82.12.804 (Exemptions--Ostomic items) and 2004 c 153 s 107;

(31) RCW 82.12.808 (Exemptions--Use of medical supplies, chemicals, or materials by comprehensive cancer centers) and 2005 c 514 s 403;

(32) RCW 82.12.925 (Exemptions--Dietary supplements) and 2003 c 168 s 304;

(33) RCW 82.12.935 (Exemptions--Disposable devices used to deliver prescription drugs for human use) and 2003 c 168 s 407;

(34) RCW 82.12.940 (Exemptions--Over-the-counter drugs for human use) and 2003 c 168 s 408;

(35) RCW 82.12.945 (Exemptions--Kidney dialysis devices) and 2004 c 153 s 111 & 2003 c 168 s 411;

(36) RCW 82.12.985 (Exemptions--Insulin) and 2004 c 153 s 103;

(37) RCW 82.12.995 (Exemptions--Certain limited purpose public corporations, commissions, and authorities) and 2009 c 535 s 622 & 2007 c 381 s 3; and

(38) RCW 82.12.998 (Exemptions--Weatherization of a residence) and 2008 c 92 s 2.

Sec. 405 RCW 82.04.050 and 2010 c 112 s 14, 2010 c 111 s 201, and 2010 c 106 s 202 are each reenacted and amended to read as follows:

(1)(a) "Sale at retail" or "retail sale" means every sale of tangible personal property (including articles produced, fabricated, or imprinted) to all persons irrespective of the nature of their business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers other than a sale to a person who:

(i) Purchases for the purpose of resale as tangible personal property in the regular course of business without intervening use by

such person, but a purchase for the purpose of resale by a regional transit authority under RCW 81.112.300 is not a sale for resale; or

(ii) Installs, repairs, cleans, alters, imprints, improves, constructs, or decorates real or personal property of or for consumers, if such tangible personal property becomes an ingredient or component of such real or personal property without intervening use by such person; or

(iii) Purchases for the purpose of consuming the property purchased in producing for sale as a new article of tangible personal property or substance, of which such property becomes an ingredient or component or is a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale; or

(iv) Until July 1, 2013, purchases for the purpose of consuming the property purchased in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon; or

(v) Purchases for the purpose of providing the property to consumers as part of competitive telephone service, as defined in RCW 82.04.065; or

(vi) Purchases for the purpose of satisfying the person's obligations under an extended warranty as defined in subsection (7) of this section, if such tangible personal property replaces or becomes an ingredient or component of property covered by the extended warranty without intervening use by such person.

(b) The term includes every sale of tangible personal property that is used or consumed or to be used or consumed in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property is resold or used as provided in (a)(i) through (vi) of this subsection following such use.

(c) The term also means every sale of tangible personal property to persons engaged in any business that is taxable under RCW 82.04.280 (1), (2), and (7), 82.04.290, and 82.04.2908.

(2) The term "sale at retail" or "retail sale" includes the sale of or charge made for tangible personal property consumed and/or for labor and services rendered in respect to the following:

(a) The installing, repairing, cleaning, altering, imprinting, or improving of tangible personal property of or for consumers, including charges made for the mere use of facilities in respect thereto, but excluding, until July 1, 2017, charges made for the use of self-service laundry facilities, and also excluding, until July 1, 2015, sales of laundry service to nonprofit health care facilities, and excluding services rendered in respect to live animals, birds and insects;

(b) The constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for consumers, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation, and also includes the sale of services or charges made for the clearing of land and the moving of earth excepting the mere leveling of land used in commercial farming or agriculture;

(c) The constructing, repairing, or improving of any structure upon, above, or under any real property owned by an owner who conveys the property by title, possession, or any other means to the person performing such construction, repair, or improvement for the purpose of performing such construction, repair, or improvement and the property is then reconveyed by title, possession, or any other means to the original owner;

(d) The cleaning, fumigating, razing, or moving of existing buildings or structures, but does not include the charge made for janitorial services; and for purposes of this section the term "janitorial services" means those cleaning and caretaking services ordinarily performed by commercial janitor service businesses

including, but not limited to, wall and window washing, floor cleaning and waxing, and the cleaning in place of rugs, drapes and upholstery. Until July 1, 2013, the term "janitorial services" does not include painting, papering, repairing, furnace or septic tank cleaning, snow removal or sandblasting;

(e) Automobile towing and similar automotive transportation services, but not in respect to those required to report and pay taxes under chapter 82.16 RCW;

(f) The furnishing of lodging and all other services by a hotel, rooming house, tourist court, motel, trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property, and it is presumed that the occupancy of real property for a continuous period of one month or more constitutes a rental or lease of real property and not a mere license to use or enjoy the same. For the purposes of this subsection, it is presumed that the sale of and charge made for the furnishing of lodging for a continuous period of one month or more to a person is a rental or lease of real property and not a mere license to enjoy the same;

(g) The installing, repairing, altering, or improving of digital goods for consumers;

(h) Persons taxable under (a), (b), (c), (d), (e), (f), and (g) of this subsection when such sales or charges are for property, labor and services which are used or consumed in whole or in part by such persons in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property, labor and services may be resold after such use or consumption. Nothing contained in this subsection may be construed to modify subsection (1) of this section and nothing contained in subsection (1) of this section may be construed to modify this subsection.

(3) The term "sale at retail" or "retail sale" includes the sale of or charge made for personal, business, or professional services including amounts designated as interest, rents, fees, admission, and

other service emoluments however designated, received by persons engaging in the following business activities:

(a) Amusement and recreation services including but not limited to golf, pool, billiards, skating, bowling, ski lifts and tows, day trips for sightseeing purposes, and others, when provided to consumers;

(b) Abstract, title insurance, and escrow services;

(c) Credit bureau services;

(d) Automobile parking and storage garage services;

(e) Landscape maintenance and horticultural services but excluding, until July 1, 2013, (i) horticultural services provided to farmers and (ii) pruning, trimming, repairing, removing, and clearing of trees and brush near electric transmission or distribution lines or equipment, if performed by or at the direction of an electric utility;

(f) Service charges associated with tickets to professional sporting events; and

(g) The following personal services: Physical fitness services, tanning salon services, tattoo parlor services, steam bath services, turkish bath services, escort services, and dating services.

(4) (a) The term also includes the renting or leasing of tangible personal property to consumers.

(b) The term does not include the renting or leasing of tangible personal property where the lease or rental is for the purpose of sublease or subrent.

(5) The term also includes the providing of "competitive telephone service," "telecommunications service," or "ancillary services," as those terms are defined in RCW 82.04.065, to consumers.

(6) (a) The term also includes the sale of prewritten computer software to a consumer, regardless of the method of delivery to the end user. For purposes of this subsection (6) (a), the sale of prewritten computer software includes the sale of or charge made for a key or an enabling or activation code, where the key or code is required to activate prewritten computer software and put the software into use. There is no separate sale of the key or code from the

prewritten computer software, regardless of how the sale may be characterized by the vendor or by the purchaser.

Until July 1, 2013, the term "retail sale" does not include the sale of or charge made for:

(i) Custom software; or

(ii) The customization of prewritten computer software.

(b) (i) The term also includes the charge made to consumers for the right to access and use prewritten computer software, where possession of the software is maintained by the seller or a third party, regardless of whether the charge for the service is on a per use, per user, per license, subscription, or some other basis.

(ii) (A) The service described in (b) (i) of this subsection (6) includes the right to access and use prewritten computer software to perform data processing.

(B) For purposes of this subsection (6) (b) (ii), "data processing" means the systematic performance of operations on data to extract the required information in an appropriate form or to convert the data to usable information. Data processing includes check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities.

(7) The term also includes the sale of or charge made for an extended warranty to a consumer. For purposes of this subsection, "extended warranty" means an agreement for a specified duration to perform the replacement or repair of tangible personal property at no additional charge or a reduced charge for tangible personal property, labor, or both, or to provide indemnification for the replacement or repair of tangible personal property, based on the occurrence of specified events. The term "extended warranty" does not include an agreement, otherwise meeting the definition of extended warranty in this subsection, if no separate charge is made for the agreement and the value of the agreement is included in the sales price of the tangible personal property covered by the agreement. For purposes of this subsection, "sales price" has the same meaning as in RCW 82.08.010.

(8) (a) The term also includes the following sales to consumers of digital goods, digital codes, and digital automated services:

(i) Sales in which the seller has granted the purchaser the right of permanent use;

(ii) Sales in which the seller has granted the purchaser a right of use that is less than permanent;

(iii) Sales in which the purchaser is not obligated to make continued payment as a condition of the sale; and

(iv) Sales in which the purchaser is obligated to make continued payment as a condition of the sale.

(b) A retail sale of digital goods, digital codes, or digital automated services under this subsection (8) includes any services provided by the seller exclusively in connection with the digital goods, digital codes, or digital automated services, whether or not a separate charge is made for such services.

(c) For purposes of this subsection, "permanent" means perpetual or for an indefinite or unspecified length of time. A right of permanent use is presumed to have been granted unless the agreement between the seller and the purchaser specifies or the circumstances surrounding the transaction suggest or indicate that the right to use terminates on the occurrence of a condition subsequent.

(9) The term also includes the charge made for providing tangible personal property along with an operator for a fixed or indeterminate period of time. A consideration of this is that the operator is necessary for the tangible personal property to perform as designed. For the purpose of this subsection (9), an operator must do more than maintain, inspect, or set up the tangible personal property.

(10) (a) Until July 1, 2015, the term does not include the sale of or charge made for labor and services rendered in respect to the building, repairing, or improving of any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state or by the United

States and which is used or to be used primarily for foot or vehicular traffic including mass transportation vehicles of any kind.

(b) The term does not include the sale of or charge made for labor and services rendered in respect to the building, repairing, or improving of any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by the United States and which is used or to be used primarily for foot or vehicular traffic including mass transportation vehicles of any kind.

(11) Until July 1, 2013, the term also does not include sales of chemical sprays or washes to persons for the purpose of postharvest treatment of fruit for the prevention of scald, fungus, mold, or decay, nor does it include sales of feed, seed, seedlings, fertilizer, agents for enhanced pollination including insects such as bees, and spray materials to: (a) Persons who participate in the federal conservation reserve program, the environmental quality incentives program, the wetlands reserve program, and the wildlife habitat incentives program, or their successors administered by the United States department of agriculture; (b) farmers for the purpose of producing for sale any agricultural product; and (c) farmers acting under cooperative habitat development or access contracts with an organization exempt from federal income tax under 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code or the Washington state department of fish and wildlife to produce or improve wildlife habitat on land that the farmer owns or leases.

(12) (a) Until July 1, 2015, the term does not include the sale of or charge made for labor and services rendered in respect to the constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW, including the installing, or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation. Nor

does the term include the sale of services or charges made for the clearing of land and the moving of earth of or for the United States, any instrumentality thereof, or a county or city housing authority. Nor does the term include the sale of services or charges made for cleaning up for the United States, or its instrumentalities, radioactive waste and other by-products of weapons production and nuclear research and development.

(b) The term does not include the sale of or charge made for labor and services rendered in respect to the constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for the United States or any instrumentality thereof, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation. Nor does the term include the sale of services or charges made for the clearing of land and the moving of earth of or for the United States or any instrumentality thereof. Nor does the term include the sale of services or charges made for cleaning up for the United States or its instrumentalities, radioactive waste and other by-products of weapons production and nuclear research and development.

(13) Until July 1, 2015, the term does not include the sale of or charge made for labor, services, or tangible personal property pursuant to agreements providing maintenance services for bus, rail, or rail fixed guideway equipment when a regional transit authority is the recipient of the labor, services, or tangible personal property, and a transit agency, as defined in RCW 81.104.015, performs the labor or services.

(14) The term does not include the sale for resale of any service described in this section if the sale would otherwise constitute a "sale at retail" and "retail sale" under this section.

Sec. 406 RCW 82.04.062 and 1985 c 471 s 5 are each amended to read as follows:

(1) Until July 1, 2013, for purposes of this chapter, "wholesale sale," "sale at wholesale," "retail sale," and "sale at retail" do not include the sale of precious metal bullion or monetized bullion.

(2) Until July 1, 2013, in computing tax under this chapter on the business of making sales of precious metal bullion or monetized bullion, the tax shall be imposed on the amounts received as commissions upon transactions for the accounts of customers over and above the amount paid to other dealers associated in such transactions, but no deduction or offset is allowed on account of salaries or commissions paid to salesmen or other employees.

(3) For purposes of this section, "precious metal bullion" means any precious metal which has been put through a process of smelting or refining, including, but not limited to, gold, silver, platinum, rhodium, and palladium, and which is in such state or condition that its value depends upon its contents and not upon its form. For purposes of this section, "monetized bullion" means coins or other forms of money manufactured from gold, silver, or other metals and heretofore, now, or hereafter used as a medium of exchange under the laws of this state, the United States, or any foreign nation, but does not include coins or money sold to be manufactured into jewelry or works of art.

Sec. 407 RCW 82.08.010 and 2010 c 106 s 210 are each amended to read as follows:

For the purposes of this chapter:

(1)(a) "Selling price" includes "sales price." "Sales price" means the total amount of consideration, (~~((except separately stated trade-in property of like kind,))~~) including cash, credit, property, and services, for which tangible personal property, extended warranties, digital goods, digital codes, digital automated services, or other services or anything else defined as a "retail sale" under RCW 82.04.050 are sold, leased, or rented, valued in money, whether received in money or otherwise. No deduction from the total amount of consideration is allowed for the following: (i) The seller's cost of

the property sold; (ii) the cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller; (iii) charges by the seller for any services necessary to complete the sale, other than delivery and installation charges; (iv) delivery charges; and (v) installation charges.

When tangible personal property is rented or leased under circumstances that the consideration paid does not represent a reasonable rental for the use of the articles so rented or leased, the "selling price" shall be determined as nearly as possible according to the value of such use at the places of use of similar products of like quality and character under such rules as the department may prescribe;

(b) "Selling price" or "sales price" does not include: Discounts, including cash, term, or coupons that are not reimbursed by a third party that are allowed by a seller and taken by a purchaser on a sale; interest, financing, and carrying charges from credit extended on the sale of tangible personal property, extended warranties, digital goods, digital codes, digital automated services, or other services or anything else defined as a retail sale in RCW 82.04.050, if the amount is separately stated on the invoice, bill of sale, or similar document given to the purchaser; and any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document given to the purchaser;

(c) "Selling price" or "sales price" includes consideration received by the seller from a third party if:

(i) The seller actually receives consideration from a party other than the purchaser, and the consideration is directly related to a price reduction or discount on the sale;

(ii) The seller has an obligation to pass the price reduction or discount through to the purchaser;

(iii) The amount of the consideration attributable to the sale is fixed and determinable by the seller at the time of the sale of the item to the purchaser; and

(iv) One of the criteria in this subsection (1)(c)(iv) is met:

(A) The purchaser presents a coupon, certificate, or other documentation to the seller to claim a price reduction or discount where the coupon, certificate, or documentation is authorized, distributed, or granted by a third party with the understanding that the third party will reimburse any seller to whom the coupon, certificate, or documentation is presented;

(B) The purchaser identifies himself or herself to the seller as a member of a group or organization entitled to a price reduction or discount, however a "preferred customer" card that is available to any patron does not constitute membership in such a group; or

(C) The price reduction or discount is identified as a third party price reduction or discount on the invoice received by the purchaser or on a coupon, certificate, or other documentation presented by the purchaser;

(d) Until July 1, 2015, "selling price" or "sales price" does not include separately stated trade-in property of like kind;

(2)(a) "Seller" means every person, including the state and its departments and institutions, making sales at retail or retail sales to a buyer, purchaser, or consumer, whether as agent, broker, or principal, except "seller" does not mean:

(i) The state and its departments and institutions when making sales to the state and its departments and institutions; or

(ii) A professional employer organization when a covered employee coemployed with the client under the terms of a professional employer agreement engages in activities that constitute a sale at retail that is subject to the tax imposed by this chapter. In such cases, the client, and not the professional employer organization, is deemed to be the seller and is responsible for collecting and remitting the tax imposed by this chapter.

(b) For the purposes of (a) of this subsection, the terms "client," "covered employee," "professional employer agreement," and "professional employer organization" have the same meanings as in RCW 82.04.540;

(3) "Buyer," "purchaser," and "consumer" include, without limiting the scope hereof, every individual, receiver, assignee, trustee in bankruptcy, trust, estate, firm, copartnership, joint venture, club, company, joint stock company, business trust, corporation, association, society, or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit, or otherwise, municipal corporation, quasi municipal corporation, and also the state, its departments and institutions and all political subdivisions thereof, irrespective of the nature of the activities engaged in or functions performed, and also the United States or any instrumentality thereof;

(4) "Delivery charges" means charges by the seller of personal property or services for preparation and delivery to a location designated by the purchaser of personal property or services including, but not limited to, transportation, shipping, postage, handling, crating, and packing;

(5) "Direct mail" means printed material delivered or distributed by United States mail or other delivery service to a mass audience or to addressees on a mailing list provided by the purchaser or at the direction of the purchaser when the cost of the items are not billed directly to the recipients. "Direct mail" includes tangible personal property supplied directly or indirectly by the purchaser to the direct mail seller for inclusion in the package containing the printed material. "Direct mail" does not include multiple items of printed material delivered to a single address;

(6) The meaning attributed in chapter 82.04 RCW to the terms "tax year," "taxable year," "person," "company," "sale," "sale at wholesale," "wholesale," "business," "engaging in business," "cash discount," "successor," "consumer," "in this state" and "within this state" applies equally to the provisions of this chapter;

(7) For the purposes of the taxes imposed under this chapter and under chapter 82.12 RCW, "tangible personal property" means personal property that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses. Tangible

personal property includes electricity, water, gas, steam, and prewritten computer software;

(8) "Extended warranty" has the same meaning as in RCW 82.04.050(7);

(9) The definitions in RCW 82.04.192 apply to this chapter;

(10) For the purposes of the taxes imposed under this chapter and chapter 82.12 RCW, whenever the terms "property" or "personal property" are used, those terms must be construed to include digital goods and digital codes unless:

(a) It is clear from the context that the term "personal property" is intended only to refer to tangible personal property;

(b) It is clear from the context that the term "property" is intended only to refer to tangible personal property, real property, or both; or

(c) To construe the term "property" or "personal property" as including digital goods and digital codes would yield unlikely, absurd, or strained consequences; and

(11) "Retail sale" or "sale at retail" means any sale, lease, or rental for any purpose other than for resale, sublease, or subrent.

Sec. 408 RCW 82.12.010 and 2010 c 127 s 4 are each reenacted and amended to read as follows:

For the purposes of this chapter:

(1) The meaning ascribed to words and phrases in chapters 82.04 and 82.08 RCW, insofar as applicable, has full force and effect with respect to taxes imposed under the provisions of this chapter. "Consumer," in addition to the meaning ascribed to it in chapters 82.04 and 82.08 RCW insofar as applicable, also means any person who distributes or displays, or causes to be distributed or displayed, any article of tangible personal property, except newspapers, the primary purpose of which is to promote the sale of products or services. With respect to property distributed to persons within this state by a consumer as defined in this subsection (1), the use of the property is deemed to be by such consumer.

(2) "Extended warranty" has the same meaning as in RCW 82.04.050(7).

(3) "Purchase price" means the same as sales price as defined in RCW 82.08.010.

(4)(a)(i) Except as provided in (a)(ii) of this subsection (4), "retailer" means every seller as defined in RCW 82.08.010 and every person engaged in the business of selling tangible personal property at retail and every person required to collect from purchasers the tax imposed under this chapter.

(ii) "Retailer" does not include a professional employer organization when a covered employee coemployed with the client under the terms of a professional employer agreement engages in activities that constitute a sale of tangible personal property, extended warranty, digital good, digital code, or a sale of any digital automated service or service defined as a retail sale in RCW 82.04.050(2)(a) or (g), (3)(a), or (6)(b) that is subject to the tax imposed by this chapter. In such cases, the client, and not the professional employer organization, is deemed to be the retailer and is responsible for collecting and remitting the tax imposed by this chapter.

(b) For the purposes of (a) of this subsection, the terms "client," "covered employee," "professional employer agreement," and "professional employer organization" have the same meanings as in RCW 82.04.540.

(5) "Taxpayer" and "purchaser" include all persons included within the meaning of the word "buyer" and the word "consumer" as defined in chapters 82.04 and 82.08 RCW.

(6) "Use," "used," "using," or "put to use" have their ordinary meaning, and mean:

(a) With respect to tangible personal property, except for natural gas and manufactured gas, the first act within this state by which the taxpayer takes or assumes dominion or control over the article of tangible personal property (as a consumer), and include installation, storage, withdrawal from storage, distribution, or any other act preparatory to subsequent actual use or consumption within this state;

(b) With respect to a service defined in RCW 82.04.050(2)(a), the first act within this state after the service has been performed by which the taxpayer takes or assumes dominion or control over the article of tangible personal property upon which the service was performed (as a consumer), and includes installation, storage, withdrawal from storage, distribution, or any other act preparatory to subsequent actual use or consumption of the article within this state;

(c) With respect to an extended warranty, the first act within this state after the extended warranty has been acquired by which the taxpayer takes or assumes dominion or control over the article of tangible personal property to which the extended warranty applies, and includes installation, storage, withdrawal from storage, distribution, or any other act preparatory to subsequent actual use or consumption of the article within this state;

(d) With respect to a digital good or digital code, the first act within this state by which the taxpayer, as a consumer, views, accesses, downloads, possesses, stores, opens, manipulates, or otherwise uses or enjoys the digital good or digital code;

(e) With respect to a digital automated service, the first act within this state by which the taxpayer, as a consumer, uses, enjoys, or otherwise receives the benefit of the service;

(f) With respect to a service defined as a retail sale in RCW 82.04.050(6)(b), the first act within this state by which the taxpayer, as a consumer, accesses the prewritten computer software;

(g) With respect to a service defined as a retail sale in RCW 82.04.050(2)(g), the first act within this state after the service has been performed by which the taxpayer, as a consumer, views, accesses, downloads, possesses, stores, opens, manipulates, or otherwise uses or enjoys the digital good upon which the service was performed; and

(h) With respect to natural gas or manufactured gas, the use of which is taxable under RCW 82.12.022, including gas that is also taxable under the authority of RCW 82.14.230, the first act within this state by which the taxpayer consumes the gas by burning the gas

or storing the gas in the taxpayer's own facilities for later consumption by the taxpayer.

(7)(a) "Value of the article used" is the purchase price for the article of tangible personal property, the use of which is taxable under this chapter. The term also includes, in addition to the purchase price, the amount of any tariff or duty paid with respect to the importation of the article used. In case the article used is acquired by lease or by gift or is extracted, produced, or manufactured by the person using the same or is sold under conditions wherein the purchase price does not represent the true value thereof, the value of the article used is determined as nearly as possible according to the retail selling price at place of use of similar products of like quality and character under such rules as the department may prescribe.

(b) In case the articles used are acquired by bailment, the value of the use of the articles so used must be in an amount representing a reasonable rental for the use of the articles so bailed, determined as nearly as possible according to the value of such use at the places of use of similar products of like quality and character under such rules as the department of revenue may prescribe. In case any such articles of tangible personal property are used in respect to the construction, repairing, decorating, or improving of, and which become or are to become an ingredient or component of, new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW, including the installing or attaching of any such articles therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation, then the value of the use of such articles so used is determined according to the retail selling price of such articles, or in the absence of such a selling price, as nearly as possible according to the retail selling price at place of use of similar products of like quality and character or, in the absence of either of these selling price measures, such value may be determined

upon a cost basis, in any event under such rules as the department of revenue may prescribe.

(c) Until July 1, 2013, in the case of articles owned by a user engaged in business outside the state which are brought into the state for no more than one hundred eighty days in any period of three hundred sixty-five consecutive days and which are temporarily used for business purposes by the person in this state, the value of the article used must be an amount representing a reasonable rental for the use of the articles, unless the person has paid tax under this chapter or chapter 82.08 RCW upon the full value of the article used, as defined in (a) of this subsection.

(d) In the case of articles manufactured or produced by the user and used in the manufacture or production of products sold or to be sold to the department of defense of the United States, the value of the articles used is determined according to the value of the ingredients of such articles.

(e) In the case of an article manufactured or produced for purposes of serving as a prototype for the development of a new or improved product, the value of the article used is determined by: (i) The retail selling price of such new or improved product when first offered for sale; or (ii) the value of materials incorporated into the prototype in cases in which the new or improved product is not offered for sale.

(f) In the case of an article purchased with a direct pay permit under RCW 82.32.087, the value of the article used is determined by the purchase price of such article if, but for the use of the direct pay permit, the transaction would have been subject to sales tax.

(8) "Value of the digital good or digital code used" means the purchase price for the digital good or digital code, the use of which is taxable under this chapter. If the digital good or digital code is acquired other than by purchase, the value of the digital good or digital code must be determined as nearly as possible according to the retail selling price at place of use of similar digital goods or

digital codes of like quality and character under rules the department may prescribe.

(9) "Value of the extended warranty used" means the purchase price for the extended warranty, the use of which is taxable under this chapter. If the extended warranty is received by gift or under conditions wherein the purchase price does not represent the true value of the extended warranty, the value of the extended warranty used is determined as nearly as possible according to the retail selling price at place of use of similar extended warranties of like quality and character under rules the department may prescribe.

(10) "Value of the service used" means the purchase price for the digital automated service or other service, the use of which is taxable under this chapter. If the service is received by gift or under conditions wherein the purchase price does not represent the true value thereof, the value of the service used is determined as nearly as possible according to the retail selling price at place of use of similar services of like quality and character under rules the department may prescribe.

Sec. 409 RCW 82.12.0251 and 2009 c 535 s 608 are each amended to read as follows:

The provisions of this chapter do not apply in respect to the use:

(1) Of any article of tangible personal property or any digital good or digital code, and any services that were rendered in respect to such property, brought into the state of Washington by a nonresident thereof for his or her use or enjoyment while temporarily within the state of Washington unless such property is used in conducting a nontransitory business activity within the state of Washington;

(2) By a nonresident of Washington of a motor vehicle or trailer which is registered or licensed under the laws of the state of his or her residence, and which is not required to be registered or licensed under the laws of Washington, including motor vehicles or trailers exempt pursuant to a declaration issued by the department of licensing

under RCW 46.85.060, and services rendered outside the state of Washington in respect to such property;

(3) Until July 1, 2017, of household goods, including digital goods, and digital codes, personal effects, private motor vehicles, and services rendered in respect to such property, by a bona fide resident of Washington, or nonresident members of the armed forces who are stationed in Washington pursuant to military orders, if such articles and services were acquired and used by such person in another state while a bona fide resident thereof and such acquisition and use occurred more than ninety days prior to the time he or she entered Washington. For purposes of this subsection, private motor vehicles do not include motor homes;

(4) Of an extended warranty, to the extent that the property covered by the extended warranty is exempt under this section from the tax imposed under this chapter.

For purposes of this section, "state" means a state of the United States, any political subdivision thereof, the District of Columbia, and any foreign country or political subdivision thereof, and "services" means services defined as retail sales in RCW 82.04.050(2) (a) or (g).

Sec. 410 RCW 82.34.015 and 1984 c 42 s 2 are each amended to read as follows:

The department (~~((shall))~~) may not issue a certificate under RCW 82.34.010(5)(b) before July 1, 1985, or before the promulgation of specific requirements for such facility by the appropriate control agency, whichever is later. The department (~~((shall))~~) may not issue a certificate under RCW 82.34.010(5)(c) before July 1, 1985. The department may not issue a certificate under this chapter on or after July 1, 2013.

Sec. 411 RCW 82.66.020 and 1995 c 352 s 2 are each amended to read as follows:

Application for deferral of taxes under this chapter (~~((shall))~~) must be made to the department in a form and manner prescribed by the department. The application (~~((shall))~~) must contain information regarding the location of the investment project, estimated or actual costs, time schedules for completion and operation, and other information required by the department. The department (~~((shall))~~) must rule on the application within sixty days. The department may not accept applications for deferral of taxes under this chapter on or after July 1, 2013.

PART II

Setting Sunset Dates for Business and Occupation Tax Exemptions, Credits, Deductions, and Preferential Tax Rates

NEW SECTION. **Sec. 501** The following acts or parts of acts, as now existing or hereafter amended, are each repealed, effective July 1, 2012:

(1) RCW 82.04.2907 (Tax on royalties) and 2010 1st sp.s. c 23 s 107, 2010 c 111 s 302, 2009 c 535 s 407, 2001 c 320 s 3, & 1998 c 331 s 1;

(2) RCW 82.04.298 (Tax on qualified grocery distribution cooperatives) and 2011 c 2 s 204 (Initiative Measure No. 1107), 2010 1st sp.s. c 23 s 511, 2008 c 49 s 1, & 2001 1st sp.s. c 9 s 1;

(3) RCW 82.04.315 (Exemptions--International banking facilities) and 1982 c 95 s 7;

(4) RCW 82.04.317 (Exemptions--Motor vehicle sales by manufacturers at wholesale auctions to dealers) and 1997 c 4 s 1;

(5) RCW 82.04.330 (Exemptions--Sales of agricultural products) and 2001 c 118 s 3, 1993 sp.s. c 25 s 305, 1988 c 253 s 2, & 1987 c 23 s 4;

(6) RCW 82.04.331 (Exemptions--Wholesale sales to farmers of seed for planting, conditioning seed for planting owned by others) and 1998 c 170 s 2;

(7) RCW 82.04.332 (Exemptions--Buying and selling at wholesale unprocessed milk, wheat, oats, dry peas, dry beans, lentils, triticale, canola, corn, rye, and barley) and 2007 c 131 s 1 & 1998 c 312 s 2;

(8) RCW 82.04.333 (Exemptions--Small harvesters) and 2007 c 48 s 5 & 1990 c 141 s 1;

(9) RCW 82.04.334 (Exemptions--Standing timber) and 2010 1st sp.s. c 23 s 512 & 2007 c 48 s 3;

(10) RCW 82.04.337 (Exemptions--Amounts received by hop growers or dealers for processed hops shipped outside the state) and 1987 c 495 s 1;

(11) RCW 82.04.392 (Exemptions--Mortgage brokers' third-party provider services trust accounts) and 1998 c 311 s 3 & 1997 c 106 s 21;

(12) RCW 82.04.405 (Exemptions--Credit unions) and 1998 c 311 s 4 & 1970 ex.s. c 101 s 3;

(13) RCW 82.04.416 (Exemptions--Operation of state route No. 16) and 1998 c 179 s 3;

(14) RCW 82.04.421 (Exemptions--Out-of-state membership sales in discount programs) and 1997 c 408 s 1;

(15) RCW 82.04.422 (Exemptions--Wholesale sales of motor vehicles) and 2004 c 81 s 1 & 2001 c 258 s 1;

(16) RCW 82.04.425 (Exemptions--Accommodation sales) and 1980 c 37 s 78, 1965 ex.s. c 173 s 9, & 1961 c 15 s 82.04.425;

(17) RCW 82.04.426 (Exemptions--Semiconductor microchips) and 2010 c 114 s 110 & 2003 c 149 s 2;

(18) RCW 82.04.4261 (Exemptions--Federal small business innovation research program) and 2004 c 2 s 9;

(19) RCW 82.04.4262 (Exemptions--Federal small business technology transfer program) and 2004 c 2 s 10;

(20) RCW 82.04.4267 (Exemptions--Operation of parking/business improvement areas) and 2005 c 476 s 1;

(21) RCW 82.04.4281 (Deductions--Investments, dividends, interest on loans) and 2007 c 54 s 9, 2002 c 150 s 2, & 1980 c 37 s 2;

(22) RCW 82.04.4287 (Deductions--Compensation for receiving, washing, etc., horticultural products for person exempt under RCW 82.04.330--Materials and supplies used) and 1980 c 37 s 8;

(23) RCW 82.04.4292 (Deductions--Interest on investments or loans secured by mortgages or deeds of trust) and 2010 1st sp.s. c 23 s 301 & 1980 c 37 s 12;

(24) RCW 82.04.4294 (Deductions--Interest on loans to farmers and ranchers, producers or harvesters of aquatic products, or their cooperatives) and 1980 c 37 s 14;

(25) RCW 82.04.4295 (Deductions--Manufacturing activities completed outside the United States) and 1980 c 37 s 15;

(26) RCW 82.04.4296 (Deductions--Reimbursement for accommodation expenditures by funeral homes) and 1980 c 37 s 16;

(27) RCW 82.04.433 (Deductions--Sales of fuel for consumption outside United States' waters by vessels in foreign commerce) and 2009 c 494 s 2 & 1985 c 471 s 16;

(28) RCW 82.04.4333 (Credit--Job training services--Approval) and 1996 c 1 s 4;

(29) RCW 82.04.4339 (Deductions--Grants to support salmon restoration) and 2004 c 241 s 1;

(30) RCW 82.04.4451 (Credit against tax due--Maximum credit--Table) and 2010 1st sp.s. c 23 s 1102, 1997 c 238 s 2, & 1994 sp.s. c 2 s 1;

(31) RCW 82.04.44525 (Credit--New employment for international service activities in eligible areas--Designation of census tracts for eligibility--Records--Tax due upon ineligibility--Interest assessment--Information from employment security department) and 2009 c 535 s 1104, 2008 c 81 s 9, & 1998 c 313 s 2;

(32) RCW 82.04.447 (Credit--Natural or manufactured gas purchased by direct service industrial customers--Reports) and 2001 c 214 s 9;

(33) RCW 82.04.4482 (Credit--Sales of electricity or gas to an aluminum smelter) and 2004 c 24 s 9;

(34) RCW 82.04.4486 (Credit--Syrup taxes paid by buyer) and 2006 c 245 s 1;

(35) RCW 82.04.601 (Exemptions--Affixing stamp services for cigarette sales) and 2007 c 221 s 5;

(36) RCW 82.62.030 (Allowance of tax credits--Limitations) and 2007 c 485 s 3, 2001 c 320 s 13, 1999 c 164 s 306, 1997 c 366 s 5, 1996 c 1 s 3, & 1986 c 116 s 17;

(37) RCW 82.04.2403 (Manufacturer tax not applicable to cleaning fish) and 1994 c 167 s 1;

(38) RCW 82.04.255 (Tax on real estate brokers) and 1997 c 7 s 1, 1996 c 1 s 1, 1993 sp.s. c 25 s 202, 1985 c 32 s 2, 1983 2nd ex.s. c 3 s 1, 1983 c 9 s 1, & 1970 ex.s. c 65 s 3;

(39) RCW 82.04.340 (Exemptions--Boxing, sparring, or wrestling matches) and 2000 c 103 s 6, 1988 c 19 s 4, & 1961 c 15 s 82.04.340;

(40) RCW 82.04.424 (Exemptions--Certain in-state activities) and 2003 c 76 s 2;

(41) RCW 82.04.4272 (Deductions--Direct mail delivery charges) and 2005 c 514 s 114;

(42) RCW 82.04.4285 (Deductions--Motor vehicle fuel and special fuel taxes) and 1998 c 176 s 3 & 1980 c 37 s 6;

(43) RCW 82.04.43391 (Deductions--Commercial aircraft loan interest and fees) and 2010 1st sp.s. c 23 s 112;

(44) RCW 82.04.540 (Professional employer organizations--Taxable under RCW 82.04.290(2)--Deduction) and 2006 c 301 s 1;

(45) RCW 82.04.645 (Exemptions--Financial institutions--Amounts received from certain affiliated persons) and 2010 1st sp.s. c 23 s 110;

(46) RCW 82.04.650 (Exemptions--Investment conduits and securitization entities) and 2010 1st sp.s. c 23 s 111; and

(47) RCW 82.04.410 (Exemptions--Hatching eggs and poultry) and 1967 ex.s. c 149 s 15 & 1961 c 15 s 82.04.410.

NEW SECTION. **Sec. 502** The following acts or parts of acts, as now existing or hereafter amended, are each repealed, effective July 1, 2013:

(1) RCW 82.04.263 (Tax on cleaning up radioactive waste and other by-products of weapons production and nuclear research and development) and 2009 c 469 s 202 & 1996 c 112 s 3;

(2) RCW 82.04.339 (Exemptions--Day care provided by churches) and 1992 c 81 s 1;

(3) RCW 82.04.3395 (Exemptions--Child care resource and referral services by nonprofit organizations) and 1995 2nd sp.s. c 11 s 3;

(4) RCW 82.04.363 (Exemptions--Camp or conference center--Items sold or furnished by nonprofit organization) and 2009 c 535 s 409 & 1997 c 388 s 1;

(5) RCW 82.04.3651 (Exemptions--Amounts received by nonprofit organizations for fund-raising activities) and 2010 c 106 s 208, 1999 c 358 s 3, & 1998 c 336 s 2;

(6) RCW 82.04.367 (Exemptions--Nonprofit organizations that are guarantee agencies, issue debt, or provide guarantees for student loans) and 1998 c 324 s 1 & 1987 c 433 s 1;

(7) RCW 82.04.368 (Exemptions--Nonprofit organizations--Credit and debt services) and 1993 c 390 s 1;

(8) RCW 82.04.370 (Exemptions--Certain fraternal and beneficiary organizations) and 1961 c 293 s 4 & 1961 c 15 s 82.04.370;

(9) RCW 82.04.380 (Exemptions--Certain corporations furnishing aid and relief) and 1961 c 15 s 82.04.380;

(10) RCW 82.04.385 (Exemptions--Operation of sheltered workshops) and 1988 c 176 s 915, 1988 c 13 s 1, 1972 ex.s. c 134 s 1, & 1970 ex.s. c 81 s 3;

(11) RCW 82.04.395 (Exemptions--Certain materials printed in school district and educational service district printing facilities) and 1979 ex.s. c 196 s 12;

(12) RCW 82.04.397 (Exemptions--Certain materials printed in county, city, or town printing facilities) and 1979 ex.s. c 196 s 14;

(13) RCW 82.04.399 (Exemptions--Sales of academic transcripts) and 1996 c 272 s 1;

(14) RCW 82.04.408 (Exemptions--Housing finance commission) and 1983 c 161 s 25;

(15) RCW 82.04.415 (Exemptions--Sand, gravel and rock taken from county or city pits or quarries, processing and handling costs) and 1965 ex.s. c 173 s 10;

(16) RCW 82.04.418 (Exemptions--Grants by United States government to municipal corporations or political subdivisions) and 1983 1st ex.s. c 66 s 2;

(17) RCW 82.04.419 (Exemptions--County, city, town, school district, or fire district activity) and 1983 1st ex.s. c 66 s 3;

(18) RCW 82.04.4201 (Exemptions--Sales/leasebacks by regional transit authorities) and 2000 2nd sp.s. c 4 s 24;

(19) RCW 82.04.4251 (Exemptions--Convention and tourism promotion) and 2006 c 310 s 1;

(20) RCW 82.04.4282 (Deductions--Fees, dues, charges) and 2009 c 535 s 410, 1994 c 124 s 3, 1989 c 392 s 1, & 1980 c 37 s 3;

(21) RCW 82.04.4291 (Deductions--Compensation received by a political subdivision from another political subdivision for services taxable under RCW 82.04.290) and 1980 c 37 s 11;

(22) RCW 82.04.4293 (Deductions--Interest on obligations of the state, its political subdivisions, and municipal corporations) and 1980 c 37 s 13;

(23) RCW 82.04.432 (Deductions--Municipal sewer service fees or charges) and 1967 ex.s. c 149 s 17;

(24) RCW 82.04.4322 (Deductions--Artistic or cultural organization--Compensation from United States, state, etc., for artistic or cultural exhibitions, performances, or programs) and 1981 c 140 s 1;

(25) RCW 82.04.4324 (Deductions--Artistic or cultural organization--Deduction for tax under RCW 82.04.240--Value of articles for use in displaying art objects or presenting artistic or cultural exhibitions, performances, or programs) and 1981 c 140 s 2;

(26) RCW 82.04.4326 (Deductions--Artistic or cultural organizations--Tuition charges for attending artistic or cultural education programs) and 1981 c 140 s 3;

- (27) RCW 82.04.4327 (Deductions--Artistic and cultural organizations--Income from business activities) and 1985 c 471 s 6;
- (28) RCW 82.04.4332 (Deductions--Tuition fees of foreign degree-granting institutions) and 1993 c 181 s 10;
- (29) RCW 82.04.434 (Credit--Public safety standards and testing) and 1991 c 13 s 1;
- (30) RCW 82.04.600 (Exemptions--Materials printed in county, city, town, school district, educational service district, library or library district) and 1979 ex.s. c 266 s 8;
- (31) RCW 82.04.610 (Exemptions--Import or export commerce) and 2007 c 477 s 2;
- (32) RCW 82.04.615 (Exemptions--Certain limited purpose public corporations, commissions, and authorities) and 2007 c 381 s 1;
- (33) RCW 82.04.335 (Exemptions--Agricultural fairs) and 1965 ex.s. c 145 s 1;
- (34) RCW 82.04.338 (Exemptions--Hop commodity commission or hop commodity board business) and 1998 c 200 s 1;
- (35) RCW 82.04.394 (Exemptions--Amounts received by property management company for on-site personnel) and 2010 1st sp.s. c 23 s 1202, 2010 c 106 s 209, & 1998 c 338 s 2;
- (36) RCW 82.04.4271 (Deductions--Membership fees and certain service fees by nonprofit youth organization) and 1981 c 74 s 1; and
- (37) RCW 82.04.640 (Exemptions--Washington vaccine association--Certain assessments received) and 2010 c 174 s 16.

NEW SECTION. **Sec. 503** The following acts or parts of acts, as now existing or hereafter amended, are each repealed, effective July 1, 2015:

- (1) RCW 82.04.2905 (Tax on providing day care) and 1998 c 312 s 7;
- (2) RCW 82.04.4298 (Deductions--Repair, maintenance, replacement, etc., of residential structures and commonly held property--Eligible organizations) and 1980 c 37 s 18.

NEW SECTION. **Sec. 504** The following acts or parts of acts, as now existing or hereafter amended, are each repealed, effective July 1, 2017:

(1) RCW 82.04.272 (Tax on warehousing and reselling prescription drugs) and 2003 c 168 s 401 & 1998 c 343 s 1;

(2) RCW 82.04.2906 (Tax on certain chemical dependency services) and 2003 c 343 s 1;

(3) RCW 82.04.2908 (Tax on provision of room and domiciliary care to boarding home residents) and 2005 c 514 s 302 & 2004 c 174 s 1;

(4) RCW 82.04.324 (Exemptions--Qualifying blood, tissue, or blood and tissue banks) and 2004 c 82 s 1 & 1995 2nd sp.s. c 9 s 3;

(5) RCW 82.04.326 (Exemptions--Qualified organ procurement organizations) and 2002 c 113 s 1;

(6) RCW 82.04.327 (Exemptions--Adult family homes) and 1987 1st ex.s. c 4 s 1;

(7) RCW 82.04.355 (Exemptions--Ride sharing) and 1999 c 358 s 8 & 1979 c 111 s 17;

(8) RCW 82.04.4263 (Exemptions--Income received by the life sciences discovery fund authority) and 2005 c 424 s 11;

(9) RCW 82.04.4264 (Exemptions--Nonprofit boarding homes--Room and domiciliary care) and 2005 c 514 s 301;

(10) RCW 82.04.4265 (Exemptions--Comprehensive cancer centers) and 2005 c 514 s 401;

(11) RCW 82.04.4289 (Exemption--Compensation for patient services or attendant sales of drugs dispensed pursuant to prescription by certain nonprofit organizations) and 2003 c 168 s 402, 1998 c 325 s 1, 1993 c 492 s 305, 1981 c 178 s 2, & 1980 c 37 s 10;

(12) RCW 82.04.4297 (Deductions--Compensation from public entities for health or social welfare services--Exception) and 2002 c 314 s 3, 2001 2nd sp.s. c 23 s 2, 1988 c 67 s 1, & 1980 c 37 s 17;

(13) RCW 82.04.4311 (Deductions--Compensation received under the federal medicare program by certain hospitals or health centers) and 2005 c 86 s 1 & 2002 c 314 s 2;

(14) RCW 82.04.4337 (Deductions--Certain amounts received by boarding homes) and 2004 c 174 s 7;

(15) RCW 82.04.620 (Exemptions--Certain prescription drugs) and 2007 c 447 s 1; and

(16) RCW 82.04.635 (Exemptions--Nonprofits providing legal services to low-income persons) and 2009 c 508 s 1.

Sec. 505 RCW 82.04.110 and 2009 c 535 s 405 are each amended to read as follows:

(1) Except as otherwise provided in this section, "manufacturer" means every person who, either directly or by contracting with others for the necessary labor or mechanical services, manufactures for sale or for commercial or industrial use from his or her own materials or ingredients any articles, substances, or commodities.

(2)(a) When the owner of equipment or facilities furnishes, or sells to the customer prior to manufacture, all or a portion of the materials that become a part or whole of the manufactured article, the department (~~((shall))~~) must prescribe equitable rules for determining tax liability.

(b) Until July 1, 2013, a person who produces aluminum master alloys is a processor for hire rather than a manufacturer, regardless of the portion of the aluminum provided by that person's customer. For the purposes of this subsection (2)(b), "aluminum master alloy" means an alloy registered with the aluminum association as a grain refiner or a hardener alloy using the American national standards institute designating system H35.3.

(3) A nonresident of this state who is the owner of materials processed for it in this state by a processor for hire (~~((shall))~~) may not be deemed to be engaged in business in this state as a manufacturer because of the performance of such processing work for it in this state.

(4) The owner of materials from which a nuclear fuel assembly is made for it by a processor for hire (~~((shall))~~) is not be subject to tax under this chapter as a manufacturer of the fuel assembly.

(5) For purposes of this section, the terms "articles," "substances," "materials," "ingredients," and "commodities" do not include digital goods.

Sec. 506 RCW 82.04.120 and 2009 c 535 s 406 are each amended to read as follows:

(1) Until July 1, 2013, "to manufacture" embraces all activities of a commercial or industrial nature wherein labor or skill is applied, by hand or machinery, to materials so that as a result thereof a new, different or useful substance or article of tangible personal property is produced for sale or commercial or industrial use, and ~~((shall))~~ includes: ~~((1))~~ (a) The production or fabrication of special made or custom made articles; ~~((2))~~ (b) the production or fabrication of dental appliances, devices, restorations, substitutes, or other dental laboratory products by a dental laboratory or dental technician; ~~((3))~~ (c) cutting, delimbing, and measuring of felled, cut, or taken trees; and ~~((4))~~ (d) crushing and/or blending of rock, sand, stone, gravel, or ore.

(2) "To manufacture" ~~((shall))~~ does not include: Conditioning of seed for use in planting; cubing hay or alfalfa; activities which consist of cutting, grading, or ice glazing seafood which has been cooked, frozen, or canned outside this state; the growing, harvesting, or producing of agricultural products; packing of agricultural products, including sorting, washing, rinsing, grading, waxing, treating with fungicide, packaging, chilling, or placing in controlled atmospheric storage; the production of digital goods; or the production of computer software if the computer software is delivered from the seller to the purchaser by means other than tangible storage media, including the delivery by use of a tangible storage media where the tangible storage media is not physically transferred to the purchaser.

Sec. 507 RCW 82.04.250 and 2010 1st sp.s. c 23 s 509 and 2010 1st sp.s. c 23 s 508 are each reenacted and amended to read as follows:

(1) Upon every person engaging within this state in the business of making sales at retail, except persons taxable as retailers under other provisions of this chapter, as to such persons, the amount of tax with respect to such business is equal to the gross proceeds of sales of the business, multiplied by the rate of 0.471 percent until July 1, 2013, and 0.484 percent thereafter.

(2) Upon every person engaging within this state in the business of making sales at retail that are exempt from the tax imposed under chapter 82.08 RCW by reason of RCW 82.08.0261, 82.08.0262, or 82.08.0263, except persons taxable under RCW 82.04.260(~~((+10+))~~) (11) or subsection (3) of this section, as to such persons, the amount of tax with respect to such business is equal to the gross proceeds of sales of the business, multiplied by the rate of 0.484 percent.

(3) Until July 1, 2024, upon every person classified by the federal aviation administration as a federal aviation regulation part 145 certificated repair station and that is engaging within this state in the business of making sales at retail that are exempt from the tax imposed under chapter 82.08 RCW by reason of RCW 82.08.0261, 82.08.0262, or 82.08.0263, as to such persons, the amount of tax with respect to such business is equal to the gross proceeds of sales of the business, multiplied by the rate of .2904 percent.

Sec. 508 RCW 82.04.257 and 2010 c 111 s 301 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, upon every person engaging within this state in the business of making sales at retail or wholesale of digital goods, digital codes, digital automated services, or services described in RCW 82.04.050 (2)(g) or (6)(b), as to such persons, the amount of tax with respect to such business is equal to the gross proceeds of sales of the business, multiplied by the rate of 0.471 percent in the case of retail sales and by the rate of 0.484 percent in the case of wholesale sales. Beginning July 1, 2013, in the case of retail sales, the rate is 0.484 percent.

(2) Persons providing subscription television services or subscription radio services are subject to tax under RCW 82.04.290(2) on the gross income of the business received from providing such services.

(3) For purposes of this section, a person is considered to be engaging within this state in the business of making sales of digital goods, digital codes, digital automated services, or services described in RCW 82.04.050 (2)(g) or (6)(b), if the person makes sales of digital goods, digital codes, digital automated services, or services described in RCW 82.04.050 (2)(g) or (6)(b) and the sales are sourced to this state under RCW 82.32.730 for sales tax purposes or would have been sourced to this state under RCW 82.32.730 if the sale had been taxable under chapter 82.08 RCW.

(4) A person subject to tax under this section is subject to the mandatory electronic filing and payment requirements in RCW 82.32.080.

Sec. 509 RCW 82.04.260 and 2011 c 2 s 203 (Initiative Measure No. 1107) are each amended to read as follows:

(1) Until July 1, 2013, upon every person engaging within this state in the business of manufacturing:

(a) Wheat into flour, barley into pearl barley, soybeans into soybean oil, canola into canola oil, canola meal, or canola by-products, or sunflower seeds into sunflower oil; as to such persons the amount of tax with respect to such business is equal to the value of the flour, pearl barley, oil, canola meal, or canola by-product manufactured, multiplied by the rate of 0.138 percent;

(b) Beginning July 1, 2012, and through June 30, 2013, seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing by that person; or selling manufactured seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing, to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the

gross proceeds derived from such sales, multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(c) Beginning July 1, 2012, and through June 30, 2013, dairy products that as of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from the manufacturing of the dairy products such as whey and casein; or selling the same to purchasers who transport in the ordinary course of business the goods out of state; as to such persons the tax imposed is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(d) Beginning July 1, 2012, fruits or vegetables by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables, or selling at wholesale fruits or vegetables manufactured by the seller by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables and sold to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel feedstock, as those terms are defined in RCW 82.29A.135; as to such persons the amount of tax with respect to the business is equal to the value of alcohol fuel, biodiesel fuel, or biodiesel feedstock manufactured, multiplied by the rate of 0.138 percent; and

(f) Wood biomass fuel as defined in RCW 82.29A.135; as to such persons the amount of tax with respect to the business is equal to the

value of wood biomass fuel manufactured, multiplied by the rate of 0.138 percent.

(2) Until July 1, 2013, upon every person engaging within this state in the business of splitting or processing dried peas; as to such persons the amount of tax with respect to such business is equal to the value of the peas split or processed, multiplied by the rate of 0.138 percent.

(3) Until July 1, 2015, upon every nonprofit corporation and nonprofit association engaging within this state in research and development, as to such corporations and associations, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(4) Until July 1, 2013, upon every person engaging within this state in the business of slaughtering, breaking and/or processing perishable meat products and/or selling the same at wholesale only and not at retail; as to such persons the tax imposed is equal to the gross proceeds derived from such sales multiplied by the rate of 0.138 percent.

(5) Until July 1, 2013, upon every person engaging within this state in the business of acting as a travel agent or tour operator; as to such persons the amount of the tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(6) Until July 1, 2013, upon every person engaging within this state in business as an international steamship agent, international customs house broker, international freight forwarder, vessel and/or cargo charter broker in foreign commerce, and/or international air cargo agent; as to such persons the amount of the tax with respect to only international activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(7) Until July 1, 2013, upon every person engaging within this state in the business of stevedoring and associated activities pertinent to the movement of goods and commodities in waterborne interstate or foreign commerce; as to such persons the amount of tax

with respect to such business is equal to the gross proceeds derived from such activities multiplied by the rate of 0.275 percent. Persons subject to taxation under this subsection are exempt from payment of taxes imposed by chapter 82.16 RCW for that portion of their business subject to taxation under this subsection. Stevedoring and associated activities pertinent to the conduct of goods and commodities in waterborne interstate or foreign commerce are defined as all activities of a labor, service or transportation nature whereby cargo may be loaded or unloaded to or from vessels or barges, passing over, onto or under a wharf, pier, or similar structure; cargo may be moved to a warehouse or similar holding or storage yard or area to await further movement in import or export or may move to a consolidation freight station and be stuffed, unstuffed, containerized, separated or otherwise segregated or aggregated for delivery or loaded on any mode of transportation for delivery to its consignee. Specific activities included in this definition are: Wharfage, handling, loading, unloading, moving of cargo to a convenient place of delivery to the consignee or a convenient place for further movement to export mode; documentation services in connection with the receipt, delivery, checking, care, custody and control of cargo required in the transfer of cargo; imported automobile handling prior to delivery to consignee; terminal stevedoring and incidental vessel services, including but not limited to plugging and unplugging refrigerator service to containers, trailers, and other refrigerated cargo receptacles, and securing ship hatch covers.

(8) Upon every person engaging within this state in the business of disposing of low-level waste, as defined in RCW 43.145.010; as to such persons the amount of the tax with respect to such business is equal to the gross income of the business, excluding any fees imposed under chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

If the gross income of the taxpayer is attributable to activities both within and without this state, the gross income attributable to this state must be determined in accordance with the methods of apportionment required under RCW 82.04.460.

(9) Until July 1, 2013, upon every person engaging within this state as an insurance producer or title insurance agent licensed under chapter 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as to such persons, the amount of the tax with respect to such licensed activities is equal to the gross income of such business multiplied by the rate of 0.484 percent.

(10) Upon every person engaging within this state in business as a hospital, as defined in chapter 70.41 RCW, that is operated as a nonprofit corporation or by the state or any of its political subdivisions, as to such persons, the amount of tax with respect to such activities is equal to the gross income of the business multiplied by the rate of ~~((0.75 percent through June 30, 1995, and))~~ 1.5 percent ~~((thereafter))~~.

(11)(a) Beginning October 1, 2005, upon every person engaging within this state in the business of manufacturing commercial airplanes, or components of such airplanes, or making sales, at retail or wholesale, of commercial airplanes or components of such airplanes, manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of:

(i) 0.4235 percent from October 1, 2005, through June 30, 2007; and

(ii) 0.2904 percent beginning July 1, 2007.

(b) Beginning July 1, 2008, upon every person who is not eligible to report under the provisions of (a) of this subsection (11) and is engaging within this state in the business of manufacturing tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes, or making sales, at retail or wholesale, of such tooling manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of

processors for hire, be equal to the gross income of the business, multiplied by the rate of 0.2904 percent.

(c) For the purposes of this subsection (11), "commercial airplane" and "component" have the same meanings as provided in RCW 82.32.550.

(d) In addition to all other requirements under this title, a person reporting under the tax rate provided in this subsection (11) must file a complete annual report with the department under RCW 82.32.534.

(e) This subsection (11) does not apply on and after July 1, 2024.

(12)(a) Until July 1, 2024, upon every person engaging within this state in the business of extracting timber or extracting for hire timber; as to such persons the amount of tax with respect to the business is, in the case of extractors, equal to the value of products, including by-products, extracted, or in the case of extractors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

(b) Until July 1, 2024, upon every person engaging within this state in the business of manufacturing or processing for hire: (i) Timber into timber products or wood products; or (ii) timber products into other timber products or wood products; as to such persons the amount of the tax with respect to the business is, in the case of manufacturers, equal to the value of products, including by-products, manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

(c) Until July 1, 2024, upon every person engaging within this state in the business of selling at wholesale: (i) Timber extracted by that person; (ii) timber products manufactured by that person from timber or other timber products; or (iii) wood products manufactured by that person from timber or timber products; as to such persons the

amount of the tax with respect to the business is equal to the gross proceeds of sales of the timber, timber products, or wood products multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

(d) Until July 1, 2024, upon every person engaging within this state in the business of selling standing timber; as to such persons the amount of the tax with respect to the business is equal to the gross income of the business multiplied by the rate of 0.2904 percent. For purposes of this subsection (12)(d), "selling standing timber" means the sale of timber apart from the land, where the buyer is required to sever the timber within thirty months from the date of the original contract, regardless of the method of payment for the timber and whether title to the timber transfers before, upon, or after severance.

(e) For purposes of this subsection, the following definitions apply:

(i) "Biocomposite surface products" means surface material products containing, by weight or volume, more than fifty percent recycled paper and that also use nonpetroleum-based phenolic resin as a bonding agent.

(ii) "Paper and paper products" means products made of interwoven cellulosic fibers held together largely by hydrogen bonding. "Paper and paper products" includes newsprint; office, printing, fine, and pressure-sensitive papers; paper napkins, towels, and toilet tissue; kraft bag, construction, and other kraft industrial papers; paperboard, liquid packaging containers, containerboard, corrugated, and solid-fiber containers including linerboard and corrugated medium; and related types of cellulosic products containing primarily, by weight or volume, cellulosic materials. "Paper and paper products" does not include books, newspapers, magazines, periodicals, and other printed publications, advertising materials, calendars, and similar types of printed materials.

(iii) "Recycled paper" means paper and paper products having fifty percent or more of their fiber content that comes from postconsumer waste. For purposes of this subsection (12)(e)(iii), "postconsumer waste" means a finished material that would normally be disposed of as solid waste, having completed its life cycle as a consumer item.

(iv) "Timber" means forest trees, standing or down, on privately or publicly owned land. "Timber" does not include Christmas trees that are cultivated by agricultural methods or short-rotation hardwoods as defined in RCW 84.33.035.

(v) "Timber products" means:

(A) Logs, wood chips, sawdust, wood waste, and similar products obtained wholly from the processing of timber, short-rotation hardwoods as defined in RCW 84.33.035, or both;

(B) Pulp, including market pulp and pulp derived from recovered paper or paper products; and

(C) Recycled paper, but only when used in the manufacture of biocomposite surface products.

(vi) "Wood products" means paper and paper products; dimensional lumber; engineered wood products such as particleboard, oriented strand board, medium density fiberboard, and plywood; wood doors; wood windows; and biocomposite surface products.

(f) Except for small harvesters as defined in RCW 84.33.035, a person reporting under the tax rate provided in this subsection (12) must file a complete annual survey with the department under RCW 82.32.585.

(13) Until July 1, 2013, upon every person engaging within this state in inspecting, testing, labeling, and storing canned salmon owned by another person, as to such persons, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(14)(a) Until July 1, 2013, upon every person engaging within this state in the business of printing a newspaper, publishing a newspaper, or both, the amount of tax on such business is equal to the gross income of the business multiplied by the rate of 0.2904 percent.

(b) A person reporting under the tax rate provided in this subsection (14) must file a complete annual report with the department under RCW 82.32.534.

(15) Subsequent to the expiration of a tax rate under this section, the activity is subject to the rate that would otherwise apply under this chapter.

Sec. 510 RCW 82.04.280 and 2010 c 106 s 205 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of: (a) Printing materials other than newspapers, and of publishing periodicals or magazines; (b) building, repairing or improving any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state or by the United States and which is used or to be used, primarily for foot or vehicular traffic including mass transportation vehicles of any kind and including any readjustment, reconstruction or relocation of the facilities of any public, private or cooperatively owned utility or railroad in the course of such building, repairing or improving, the cost of which readjustment, reconstruction, or relocation, is the responsibility of the public authority whose street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle is being built, repaired or improved; (c) extracting for hire or processing for hire, except persons taxable as extractors for hire or processors for hire under another section of this chapter; (d) operating a cold storage warehouse or storage warehouse, but not including the rental of cold storage lockers; (e) representing and performing services for fire or casualty insurance companies as an independent resident managing general agent licensed under the provisions of chapter 48.17 RCW; (f) radio and television broadcasting, excluding network, national and regional advertising computed as a standard deduction based on the national average thereof

as annually reported by the federal communications commission, or in lieu thereof by itemization by the individual broadcasting station, and excluding that portion of revenue represented by the out-of-state audience computed as a ratio to the station's total audience as measured by the 100 micro-volt signal strength and delivery by wire, if any; (g) engaging in activities which bring a person within the definition of consumer contained in RCW 82.04.190(6); as to such persons, the amount of tax on such business is equal to the gross income of the business multiplied by the rate of 0.484 percent.

(2) For the purposes of this section, the following definitions apply unless the context clearly requires otherwise.

(a) "Cold storage warehouse" means a storage warehouse used to store fresh and/or frozen perishable fruits or vegetables, meat, seafood, dairy products, or fowl, or any combination thereof, at a desired temperature to maintain the quality of the product for orderly marketing.

(b) "Storage warehouse" means a building or structure, or any part thereof, in which goods, wares, or merchandise are received for storage for compensation, except field warehouses, fruit warehouses, fruit packing plants, warehouses licensed under chapter 22.09 RCW, public garages storing automobiles, railroad freight sheds, docks and wharves, and "self-storage" or "mini storage" facilities whereby customers have direct access to individual storage areas by separate entrance. "Storage warehouse" does not include a building or structure, or that part of such building or structure, in which an activity taxable under RCW 82.04.272 is conducted.

(c) "Periodical or magazine" means a printed publication, other than a newspaper, issued regularly at stated intervals at least once every three months, including any supplement or special edition of the publication.

(3) The 0.484 percent tax rate applicable to subsection (1)(a), (d), (e), and (f) of this section does not apply on or after July 1, 2013.

Sec. 511 RCW 82.04.280 and 2010 c 106 s 206 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of: (a) Printing materials other than newspapers, and of publishing periodicals or magazines; (b) building, repairing or improving any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state or by the United States and which is used or to be used, primarily for foot or vehicular traffic including mass transportation vehicles of any kind and including any readjustment, reconstruction or relocation of the facilities of any public, private or cooperatively owned utility or railroad in the course of such building, repairing or improving, the cost of which readjustment, reconstruction, or relocation, is the responsibility of the public authority whose street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle is being built, repaired or improved; (c) extracting for hire or processing for hire, except persons taxable as extractors for hire or processors for hire under another section of this chapter; (d) operating a cold storage warehouse or storage warehouse, but not including the rental of cold storage lockers; (e) representing and performing services for fire or casualty insurance companies as an independent resident managing general agent licensed under the provisions of chapter 48.17 RCW; (f) radio and television broadcasting, excluding network, national and regional advertising computed as a standard deduction based on the national average thereof as annually reported by the federal communications commission, or in lieu thereof by itemization by the individual broadcasting station, and excluding that portion of revenue represented by the out-of-state audience computed as a ratio to the station's total audience as measured by the 100 micro-volt signal strength and delivery by wire, if any; (g) engaging in activities which bring a person within the definition of consumer contained in RCW 82.04.190(6); as to such

persons, the amount of tax on such business is equal to the gross income of the business multiplied by the rate of 0.484 percent.

(2) For the purposes of this section, the following definitions apply unless the context clearly requires otherwise.

(a) "Cold storage warehouse" means a storage warehouse used to store fresh and/or frozen perishable fruits or vegetables, meat, seafood, dairy products, or fowl, or any combination thereof, at a desired temperature to maintain the quality of the product for orderly marketing.

(b) "Storage warehouse" means a building or structure, or any part thereof, in which goods, wares, or merchandise are received for storage for compensation, except field warehouses, fruit warehouses, fruit packing plants, warehouses licensed under chapter 22.09 RCW, public garages storing automobiles, railroad freight sheds, docks and wharves, and "self-storage" or "mini storage" facilities whereby customers have direct access to individual storage areas by separate entrance. "Storage warehouse" does not include a building or structure, or that part of such building or structure, in which an activity taxable under RCW 82.04.272 is conducted.

(c) "Periodical or magazine" means a printed publication, other than a newspaper, issued regularly at stated intervals at least once every three months, including any supplement or special edition of the publication.

(3) The 0.484 percent tax rate applicable to subsection (1)(a), (d), (e), and (f) of this section does not apply on or after July 1, 2013.

Sec. 512 RCW 82.04.290 and 2008 c 81 s 6 are each amended to read as follows:

(1) Until July 1, 2013, upon every person engaging within this state in the business of providing international investment management services, as to such persons, the amount of tax with respect to such business (~~((shall be))~~) is equal to the gross income or gross proceeds of sales of the business multiplied by a rate of 0.275 percent.

(2)(a) Upon every person engaging within this state in any business activity other than or in addition to an activity taxed explicitly under another section in this chapter or subsection (3) of this section; as to such persons the amount of tax on account of such activities (~~((shall be))~~) is equal to the gross income of the business multiplied by the rate of 1.5 percent.

(b) This subsection (2) includes, among others, and without limiting the scope hereof (whether or not title to materials used in the performance of such business passes to another by accession, confusion or other than by outright sale), persons engaged in the business of rendering any type of service which does not constitute a "sale at retail" or a "sale at wholesale." The value of advertising, demonstration, and promotional supplies and materials furnished to an agent by his or her principal or supplier to be used for informational, educational, and promotional purposes (~~((shall))~~) is not (~~((be))~~) considered a part of the agent's remuneration or commission and (~~((shall))~~) is not (~~((be))~~) subject to taxation under this section.

(3)(a) Until July 1, 2024, upon every person engaging within this state in the business of performing aerospace product development for others, as to such persons, the amount of tax with respect to such business (~~((shall be))~~) is equal to the gross income of the business multiplied by a rate of 0.9 percent.

(b) "Aerospace product development" has the meaning as provided in RCW 82.04.4461.

Sec. 513 RCW 82.04.360 and 2010 1st sp.s. c 23 s 702 are each amended to read as follows:

(1) This chapter does not apply to any person in respect to his or her employment in the capacity of an employee or servant as distinguished from that of an independent contractor. Until July 1, 2013, and for the purposes of this section, the definition of employee includes those persons that are defined in section 3121(d)(3)(B) of the federal internal revenue code of 1986, as amended through January 1, 1991.

(2) Until July 1, 2010, this chapter does not apply to amounts received by an individual from a corporation as compensation for serving as a member of that corporation's board of directors. Beginning on July 1, 2010, such amounts are taxable under RCW 82.04.290(2).

(3) A booth renter is an independent contractor for purposes of this chapter. For purposes of this section, "booth renter" means any person who:

(a) Performs cosmetology, barbering, esthetics, or manicuring services for which a license is required under chapter 18.16 RCW; and

(b) Pays a fee for the use of salon or shop facilities and receives no compensation or other consideration from the owner of the salon or shop for the services performed.

Sec. 514 RCW 82.62.020 and 2007 c 485 s 2 are each amended to read as follows:

Application for tax credits under this chapter must be made within ninety consecutive days after the first qualified employment position is filled. The application (~~((shall))~~) must be made to the department in a form and manner prescribed by the department. The application (~~((shall))~~) must contain information regarding the location of the business project, the applicant's average employment, if any, at the facility for the four consecutive full calendar quarters immediately preceding the earlier of the calendar quarter during which the application required by this section is submitted to the department or the first qualified employment position is filled, estimated or actual new employment related to the project, estimated or actual wages of employees related to the project, estimated or actual costs, time schedules for completion and operation, and other information required by the department. The department (~~((shall))~~) must prescribe a method for calculating a seasonal employer's average employment levels. The department (~~((shall))~~) must rule on the application within sixty days. The department may not accept applications after June 30, 2013.

Sec. 515 RCW 82.73.020 and 2005 c 514 s 903 are each amended to read as follows:

(1) Application for tax credits under this chapter must be made to the department before making a contribution to a program or the main street trust fund. The application (~~((shall))~~) must be made to the department in a form and manner prescribed by the department. The application (~~((shall))~~) must contain information regarding the proposed amount of contribution to a program or the main street trust fund, and other information required by the department to determine eligibility under chapter 514, Laws of 2005. The department (~~((shall))~~) must rule on the application within forty-five days. Applications (~~((shall))~~) must be approved on a first-come basis.

(2) The person must make the contribution described in the approved application by the end of the calendar year in which the application is approved to claim a credit allowed under RCW 82.73.030.

(3) The department (~~((shall))~~) may not accept any applications before January 1, 2006, or after June 30, 2013.

Sec. 516 RCW 82.04.310 and 2010 c 295 s 1 are each amended to read as follows:

(1) This chapter does not apply to any person in respect to a business activity with respect to which tax liability is specifically imposed under the provisions of chapter 82.16 RCW including amounts derived from activities for which a deduction is allowed under RCW 82.16.050.

(2) Until July 1, 2013, this chapter does not apply to amounts received by any person for the sale of electrical energy for resale within or outside the state.

(3)(a) This chapter does not apply to amounts received by any person for the sale of natural or manufactured gas in a calendar year if that person sells within the United States a total amount of natural or manufactured gas in that calendar year that is no more than twenty percent of the amount of natural or manufactured gas that it consumes within the United States in the same calendar year.

(b) For purposes of determining whether a person has sold within the United States a total amount of natural or manufactured gas in a calendar year that is no more than twenty percent of the amount of natural or manufactured gas that it consumes within the United States in the same calendar year, the following transfers of gas are not considered to be the sale of natural or manufactured gas:

(i) The transfer of any natural or manufactured gas as a result of the acquisition of another business, through merger or otherwise; or

(ii) The transfer of any natural or manufactured gas accomplished solely to comply with federal regulatory requirements imposed on the pipeline transportation of such gas when it is shipped by a third-party manager of a person's pipeline transportation.

(4) This chapter does not apply to amounts received by any person in the form of credits against power contracts with the Bonneville power administration, or funds provided by the Bonneville power administration, for the purpose of implementing energy conservation programs or demand-side management programs.

Sec. 517 RCW 82.04.310 and 2007 c 58 s 1 are each amended to read as follows:

(1) Until July 1, 2017, this chapter (~~((shall))~~) does not apply to any person in respect to a business activity with respect to which tax liability is specifically imposed under the provisions of chapter 82.16 RCW including amounts derived from activities for which a deduction is allowed under RCW 82.16.050.

(2) Until July 1, 2013, this chapter does not apply to amounts received by any person for the sale of electrical energy for resale within or outside the state.

(3)(a) This chapter does not apply to amounts received by any person for the sale of natural or manufactured gas in a calendar year if that person sells within the United States a total amount of natural or manufactured gas in that calendar year that is no more than twenty percent of the amount of natural or manufactured gas that it consumes within the United States in the same calendar year.

(b) For purposes of determining whether a person has sold within the United States a total amount of natural or manufactured gas in a calendar year that is no more than twenty percent of the amount of natural or manufactured gas that it consumes within the United States in the same calendar year, the following transfers of gas are not considered to be the sale of natural or manufactured gas:

(i) The transfer of any natural or manufactured gas as a result of the acquisition of another business, through merger or otherwise; or

(ii) The transfer of any natural or manufactured gas accomplished solely to comply with federal regulatory requirements imposed on the pipeline transportation of such gas when it is shipped by a third-party manager of a person's pipeline transportation.

PART IV

Incorporating State Tax Subsidies into the State Budget Process

Sec. 601 RCW 43.06.400 and 1999 c 372 s 5 are each amended to read as follows:

~~((Beginning in January 1984, and in January of every fourth year thereafter))~~ By September 1, 2012, and every two years thereafter, the department of revenue ~~((shall submit to the legislature prior to the regular session))~~ must prepare a listing of the amount of reduction for the current and next biennium in the revenues of the state or the revenues of local government collected by the state as a result of tax ~~((exemptions))~~ subsidies. The listing ~~((shall))~~ must include an estimate of the revenue lost from the tax ~~((exemption))~~ subsidies, the purpose of the tax ~~((exemption))~~ subsidy, the persons, organizations, or parts of the population which benefit from the tax ~~((exemption))~~ subsidy, and whether or not the tax ~~((exemption))~~ subsidy conflicts with another state program. The listing ~~((shall))~~ must include but not be limited to the following revenue sources:

(1) Real and personal property tax exemptions under Title 84 RCW;

(2) Business and occupation tax exemptions, deductions, and credits under chapter 82.04 RCW;

(3) Retail sales and use tax exemptions under chapters 82.08, 82.12, and 82.14 RCW;

(4) Public utility tax exemptions and deductions under chapter 82.16 RCW;

(5) Food fish and shellfish tax exemptions under chapter 82.27 RCW;

(6) Leasehold excise tax exemptions under chapter 82.29A RCW;

(7) Motor vehicle and special fuel tax exemptions and refunds under chapters 82.36 and 82.38 RCW;

(8) Aircraft fuel tax exemptions under chapter 82.42 RCW;

(9) Motor vehicle excise tax exclusions under chapter 82.44 RCW; and

(10) Insurance premiums tax exemptions under chapter 48.14 RCW.

The department of revenue (~~((shall))~~) must prepare the listing required by this section with the assistance of any other agencies or departments as may be required.

The department of revenue (~~((shall present the listing to the ways and means committees of each house in public hearings))~~) must submit the listing to the governor at the time biennial budget requests are due under RCW 43.88.030.

~~((Beginning in January 1984, and every four years thereafter))~~ The governor is requested to review the report from the department of revenue and prepare a tax subsidy report as part of the biennial budget documents under RCW 43.88.030. The tax subsidy report must include the listing of tax subsidies prepared by the department of revenue and a budget analysis of each subsidy. The budget analysis must categorize each subsidy according to the programs or functions each subsidy supports. The tax subsidy report does not have to address tax subsidy required under the state Constitution, federal Constitution, or federal law.

The tax subsidy report must provide a separate section with a list and budget analysis for tax subsidy set to expire in the next biennium. The governor must make a recommendation as to whether the subsidy set to expire in the next biennium should be allowed to

terminate, continue, or continue with modification. The governor also may submit other recommendations to the legislature with respect to the repeal or modification of any tax ~~((exemption))~~ subsidy. The ~~((ways and means))~~ fiscal committees of each house and the appropriate standing committee of each house ~~((shall))~~ must hold public hearings and take appropriate action on the tax subsidy report and recommendations submitted by the governor.

As used in this section, "tax ~~((exemption))~~ subsidy" means an exemption, exclusion, or deduction from the base of a tax; a credit against a tax; a deferral of a tax; or a preferential tax rate.

Sec. 602 RCW 43.88.030 and 2006 c 334 s 43 are each amended to read as follows:

(1) The director of financial management ~~((shall))~~ must provide all agencies with a complete set of instructions for submitting biennial budget requests to the director at least three months before agency budget documents are due into the office of financial management. The budget document or documents ~~((shall))~~ must consist of the governor's budget message which ~~((shall))~~ must be explanatory of the budget and ~~((shall))~~ must contain an outline of the proposed financial policies of the state for the ensuing fiscal period, as well as an outline of the proposed six-year financial policies where applicable, and ~~((shall))~~ must describe in connection therewith the important features of the budget. The biennial budget document or documents ~~((shall))~~ must also describe performance indicators that demonstrate measurable progress towards priority results. The message ~~((shall))~~ must set forth the reasons for salient changes from the previous fiscal period in expenditure and revenue items and ~~((shall))~~ must explain any major changes in financial policy. Attached to the budget message ~~((shall))~~ must be such supporting schedules, exhibits and other explanatory material in respect to both current operations and capital improvements as the governor ~~((shall))~~ deems to be useful to the legislature. The budget document or documents ~~((shall))~~ must set forth a proposal for expenditures in the ensuing fiscal period, or

six-year period where applicable, based upon the estimated revenues and caseloads as approved by the economic and revenue forecast council and caseload forecast council or upon the estimated revenues and caseloads of the office of financial management for those funds, accounts, sources, and programs for which the forecast councils do not prepare an official forecast. Revenues (~~(shall)~~) must be estimated for such fiscal period from the source and at the rates existing by law at the time of submission of the budget document, including the supplemental budgets submitted in the even-numbered years of a biennium. However, the estimated revenues and caseloads for use in the governor's budget document may be adjusted to reflect budgetary revenue transfers and revenue and caseload estimates dependent upon budgetary assumptions of enrollments, workloads, and caseloads. All adjustments to the approved estimated revenues and caseloads must be set forth in the budget document. The governor may additionally submit, as an appendix to each supplemental, biennial, or six-year agency budget or to the budget document or documents, a proposal for expenditures in the ensuing fiscal period from revenue sources derived from proposed changes in existing statutes.

The budget document or documents (~~(shall)~~) must also contain:

(a) Revenues classified by fund and source for the immediately past fiscal period, those received or anticipated for the current fiscal period, and those anticipated for the ensuing biennium;

(b) The tax subsidy report prepared under RCW 43.06.400;

(c) The undesignated fund balance or deficit, by fund;

~~((e))~~ (d) Such additional information dealing with expenditures, revenues, workload, performance, and personnel as the legislature may direct by law or concurrent resolution;

~~((d))~~ (e) Such additional information dealing with revenues and expenditures as the governor (~~(shall)~~) deems pertinent and useful to the legislature;

~~((e))~~ (f) Tabulations showing expenditures classified by fund, function, and agency;

~~((f))~~ (g) The expenditures that include nonbudgeted, nonappropriated accounts outside the state treasury;

~~((g))~~ (h) Identification of all proposed direct expenditures to implement the Puget Sound water quality plan under chapter 90.71 RCW, shown by agency and in total; and

~~((h))~~ (i) Tabulations showing each postretirement adjustment by retirement system established after fiscal year 1991, to include, but not be limited to, estimated total payments made to the end of the previous biennial period, estimated payments for the present biennium, and estimated payments for the ensuing biennium.

(2) The budget document or documents (~~shall~~) must include detailed estimates of all anticipated revenues applicable to proposed operating or capital expenditures and shall also include all proposed operating or capital expenditures. The total of beginning undesignated fund balance and estimated revenues less working capital and other reserves shall equal or exceed the total of proposed applicable expenditures. The budget document or documents (~~shall~~) must further include:

(a) Interest, amortization and redemption charges on the state debt;

(b) Payments of all reliefs, judgments, and claims;

(c) Other statutory expenditures;

(d) Expenditures incident to the operation for each agency;

(e) Revenues derived from agency operations;

(f) Expenditures and revenues (~~shall~~) must be given in comparative form showing those incurred or received for the immediately past fiscal period and those anticipated for the current biennium and next ensuing biennium;

(g) A showing and explanation of amounts of general fund and other funds obligations for debt service and any transfers of moneys that otherwise would have been available for appropriation;

(h) Common school expenditures on a fiscal-year basis;

(i) A showing, by agency, of the value and purpose of financing contracts for the lease/purchase or acquisition of personal or real property for the current and ensuing fiscal periods; and

(j) A showing and explanation of anticipated amounts of general fund and other funds required to amortize the unfunded actuarial accrued liability of the retirement system specified under chapter 41.45 RCW, and the contributions to meet such amortization, stated in total dollars and as a level percentage of total compensation.

(3) The governor's operating budget document or documents (~~shall~~) must reflect the statewide priorities as required by RCW 43.88.090.

(4) The governor's operating budget document or documents (~~shall~~) must identify activities that are not addressing the statewide priorities.

(5) A separate capital budget document or schedule (~~shall~~) must be submitted that will contain the following:

(a) A statement setting forth a long-range facilities plan for the state that identifies and includes the highest priority needs within affordable spending levels;

(b) A capital program consisting of proposed capital projects for the next biennium and the two biennia succeeding the next biennium consistent with the long-range facilities plan. Inasmuch as is practical, and recognizing emergent needs, the capital program shall reflect the priorities, projects, and spending levels proposed in previously submitted capital budget documents in order to provide a reliable long-range planning tool for the legislature and state agencies;

(c) A capital plan consisting of proposed capital spending for at least four biennia succeeding the next biennium;

(d) A strategic plan for reducing backlogs of maintenance and repair projects. The plan (~~shall~~) must include a prioritized list of specific facility deficiencies and capital projects to address the deficiencies for each agency, cost estimates for each project, a schedule for completing projects over a reasonable period of time, and

identification of normal maintenance activities to reduce future backlogs;

(e) A statement of the reason or purpose for a project;

(f) Verification that a project is consistent with the provisions set forth in chapter 36.70A RCW;

(g) A statement about the proposed site, size, and estimated life of the project, if applicable;

(h) Estimated total project cost;

(i) For major projects valued over five million dollars, estimated costs for the following project components: Acquisition, consultant services, construction, equipment, project management, and other costs included as part of the project. Project component costs (~~((shall))~~) must be displayed in a standard format defined by the office of financial management to allow comparisons between projects;

(j) Estimated total project cost for each phase of the project as defined by the office of financial management;

(k) Estimated ensuing biennium costs;

(l) Estimated costs beyond the ensuing biennium;

(m) Estimated construction start and completion dates;

(n) Source and type of funds proposed;

(o) Estimated ongoing operating budget costs or savings resulting from the project, including staffing and maintenance costs;

(p) For any capital appropriation requested for a state agency for the acquisition of land or the capital improvement of land in which the primary purpose of the acquisition or improvement is recreation or wildlife habitat conservation, the capital budget document, or an omnibus list of recreation and habitat acquisitions provided with the governor's budget document, (~~((shall))~~) must identify the projected costs of operation and maintenance for at least the two biennia succeeding the next biennium. Omnibus lists of habitat and recreation land acquisitions (~~((shall))~~) must include individual project cost estimates for operation and maintenance as well as a total for all state projects included in the list. The document (~~((shall))~~) must

identify the source of funds from which the operation and maintenance costs are proposed to be funded;

(q) Such other information bearing upon capital projects as the governor deems to be useful;

(r) Standard terms, including a standard and uniform definition of normal maintenance, for all capital projects;

(s) Such other information as the legislature may direct by law or concurrent resolution.

For purposes of this subsection (5), the term "capital project" (~~((shall))~~) must be defined subsequent to the analysis, findings, and recommendations of a joint committee comprised of representatives from the house capital appropriations committee, senate ways and means committee, legislative evaluation and accountability program committee, and office of financial management.

(6) No change affecting the comparability of agency or program information relating to expenditures, revenues, workload, performance and personnel (~~((shall))~~) may be made in the format of any budget document or report presented to the legislature under this section or RCW 43.88.160(1) relative to the format of the budget document or report which was presented to the previous regular session of the legislature during an odd-numbered year without prior legislative concurrence. Prior legislative concurrence (~~((shall))~~) must consist of (a) a favorable majority vote on the proposal by the standing committees on ways and means of both houses if the legislature is in session or (b) a favorable majority vote on the proposal by members of the legislative evaluation and accountability program committee if the legislature is not in session.

PART V

MISCELLANEOUS PROVISIONS

NEW SECTION. **Sec. 701** The provisions of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act.

NEW SECTION. **Sec. 702** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 703** If section 211 of this act takes effect, section 210 of this act expires on the date section 211 of this act takes effect.

NEW SECTION. **Sec. 704** Section 216 of this act expires June 30, 2015.

NEW SECTION. **Sec. 705** Section 217 of this act takes effect June 30, 2015.

NEW SECTION. **Sec. 706** Except for sections 211 and 217 of this act, this act takes effect sixty days after the election date on which it is approved.